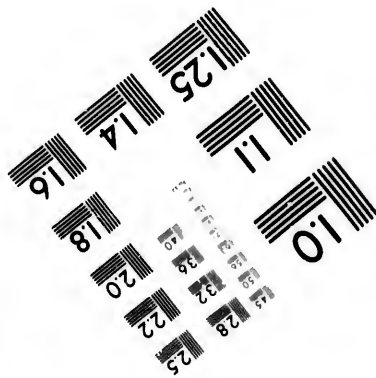
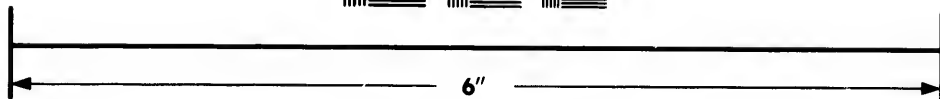
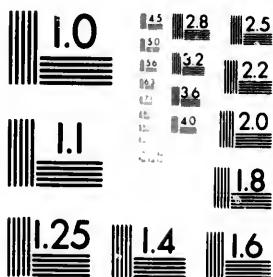


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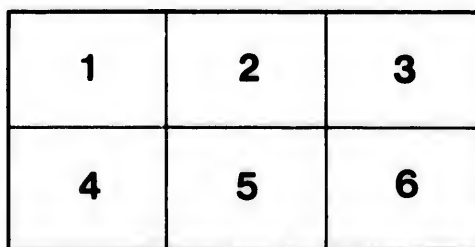
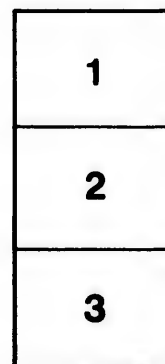
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OUR RELATIONS

WITH

CANADA

Statement by JOSEPH NIMMO, Jr.,

BEFORE THE

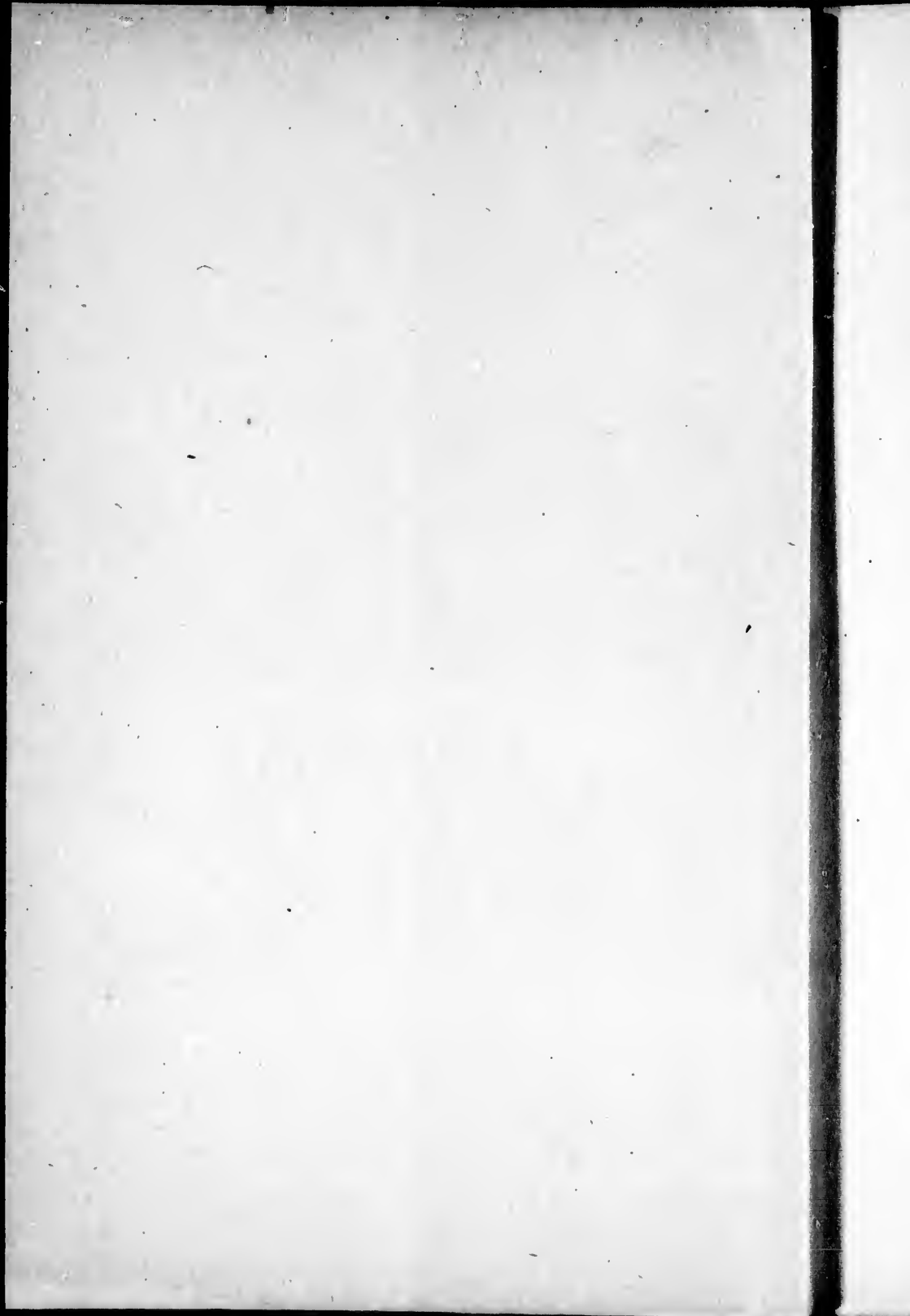
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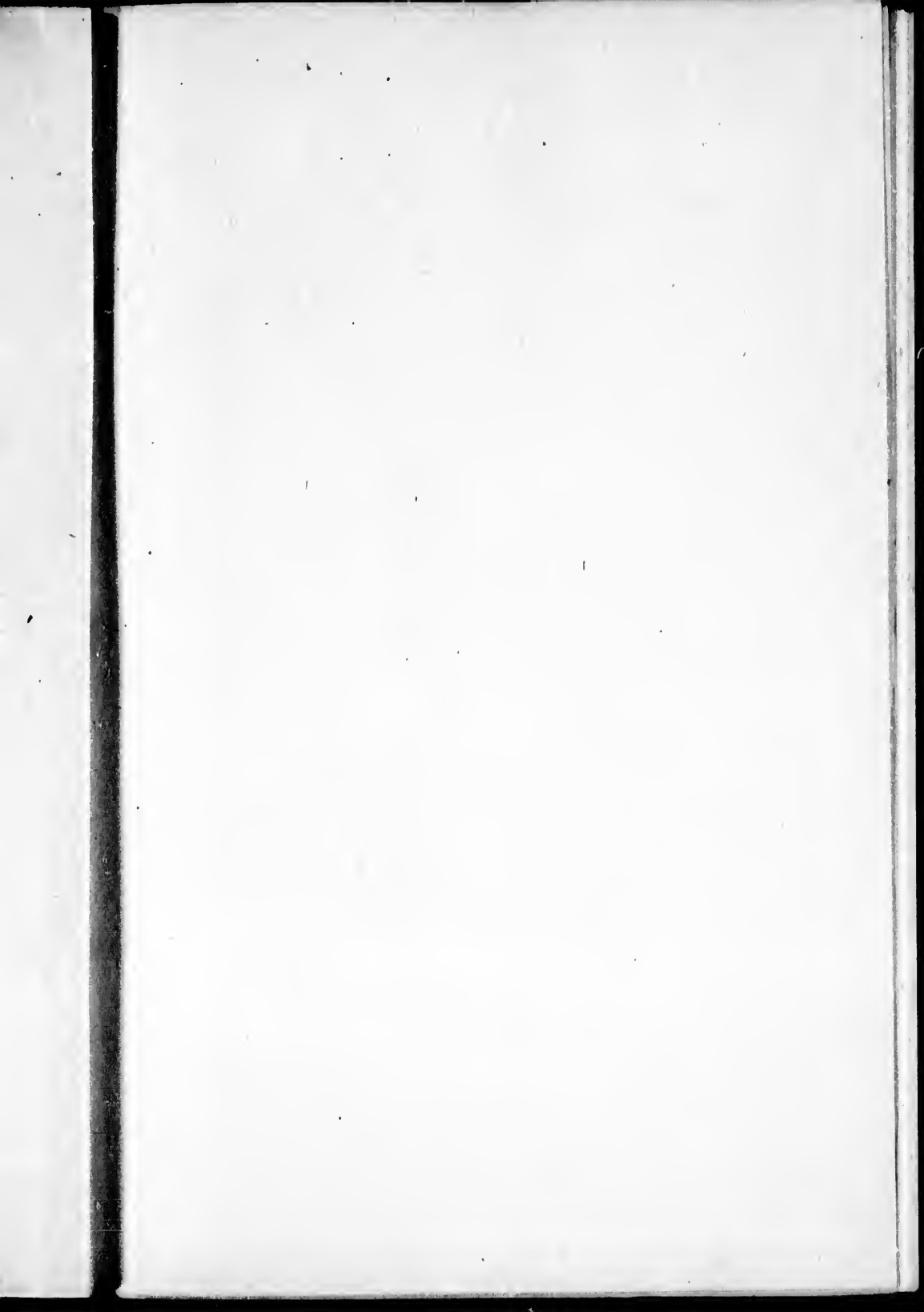
ON

RELATIONS WITH CANADA.

APRIL 26, 1890.

WASHINGTON:
GOVERNMENT PRINTING OFFICE,
1890.





Hon.

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WORCESTER, MASS., July 26, 1889.

Hon. JOSEPH NIMMO,

Huntington, Long Island, N. Y.

MY DEAR SIR: The Committee on Relations with Canada is to proceed with its investigation in Boston about September 7. Would it be agreeable to you to prepare and give to that Committee your views on the general subject of the relations of the United States with Canada? They would be of great interest and value.

I am, faithfully yours,

GEO. F. HOAR.

To Senator Hoar's invitation Mr. Nimmo replied, under date of July 27, 1889, expressing his regrets that he would be unable to appear before the committee in Boston during the month of September. Various circumstances intervened to prevent the hearing until April 26, 1890, when it took place at the Capitol in Washington.

*Select Committee of the United States Senate on Relations with
Canada.*

Senator HOAR, of Massachusetts, Chairman.

Senator ALLISON, of Iowa.

Senator HALE, of Maine.

Senator DOLPH, of Oregon.

Senator PUGH, of Alabama.

Senator BUTLER, of South Carolina.

Senator VOORHEES, of Indiana.

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TESTIMONY OF JOSEPH NIMMO, JR.

WASHINGTON, D. C. *April 26, 1890.*

JOSEPH NIMMO, jr., sworn and examined :

The CHAIRMAN. Mr. Nimmo, the purpose of this committee is to collect such information as we can in regard to the relations between the United States and Canada, in which we include the relations of the two countries to each other with reference to trade, the effect of the fiscal legislation of each upon the other, the social and possible closer relations with each other, and, in general, everything which may be included in the most liberal interpretation of that term. We know that you have been a very close student of this subject for many years, and we should be glad to have you in your own way state to the committee such facts and considerations as shall occur to you. You have, I suppose, seen something of the course of the evidence that has been taken by the committee heretofore ?

The WITNESS. Yes.

The CHAIRMAN. With that preliminary, I will ask you to proceed.

Senator HALE. Before Mr. Nimmo proceeds with his general testimony I should like to ask him if he has visited Canada within the last five or six years ?

The WITNESS. Yes, I have been through Canada, have made several visits there for the purpose of studying this question. This is a subject I have given more or less attention to for the last thirty years, first, as a New York State question, arising out of the competition between the canals of Canada and the Erie Canal.

The CHAIRMAN. Perhaps, as the minority members of the committee are not present at this moment, it will be proper, after your evidence has been received in print, if they should desire at some later time to put any questions to you, to reserve the opportunity for them to do so.

Senator HALE. The opportunity should also be reserved to any of the other members.

The CHAIRMAN. Certainly.

The WITNESS. I shall be happy to conform to the wishes of the committee in that regard. I shall probably be in Washington for at least two weeks, though if in the mean time I should go to New York I will return. I am particularly glad to see Senators Hale and Dolph here this morning, as I shall touch upon expressions of opinion at both the eastern and western ends of this line.

Mr. Chairman, I am here to-day by your invitation for the purpose of presenting to this committee, in as concise a manner as I may be able, the result of a somewhat careful study of the relations sustained by the Dominion of Canada to the United States. The facts which have come to my notice have convinced me that such provisions of legislation as may be adopted for the cure of the evils now affecting these relationships must be based upon considerations touching the character of the Canadian Government and the relations which it sustains to Great Britain and to the United States. In an especial manner I desire to ask your

attention to the influence which the ownership and management of canals and rail roads, and the promotion of the interests of transportation lines on the land and on the sea, by the Dominion and British Governments has had upon American interests.

Ever since Great Britain was forced to acknowledge the independence of the United States she has steadily preserved the policy of allowing her principal colonies to work out their own destiny according to the leadings of their specific wants and experiences. The result of this has been that in almost every essential attribute they have become political autonomies. The Dominion Government, whose existence dates from July 1, 1867, is in fact a confederacy of independent states, closely allied to Great Britain by the bonds of affection, but differing from her widely in all matters of local interest and of foreign relationships. Military occupation by the mother country ceased long ago. The governor-general of Canada, sent out by the Queen, has been stripped of all real authority, and the power to dictate the terms of commercial treaties is openly asserted and freely exercised by the Dominion Government. The political party now in power in Canada has adopted the policy of tariff protection, even against free-trade England, but at the same time it is loudest in its professions of loyalty to Great Britain. It also proclaims "Greater Britainism," and vehemently advocates the scheme of British imperial confederation—a scheme which challenges the attention of the United States.

Canada receives no fiscal aid from, and pays no tribute to, Great Britain. Without an army or a navy, the Canadians, however, look to Great Britain for military protection. In all other respects the political bonds between Canada and Great Britain appear to be sentimental rather than practical, and yet the sentiment is a forceful one. The practical abrogation of authority over the North American colonies by Great Britain has gone far beyond the line of policy advocated by Edmund Burke in his great speech on conciliation, and probably beyond any thing ever imagined by that great statesman, and yet the bond of affection between Canada and the mother country is apparently as strong to-day as ever. The philosophy of the Canadian governmental system, if there be any philosophy about it, is a riddle to the American mind.

The so-called constitution of the Dominion of Canada is merely a statutory enactment of the British Parliament, adopted at the request of the several American provinces, but never submitted to the Canadian people for ratification. Questions amendatory of the organic act are freely discussed in the House of Commons of the Dominion, and can be passed upon without any reference to the British Parliament, and without the formality of a ratifying popular vote. It also appears to be within the power of the several provinces to nullify the constitutional (?) powers of the Dominion. This has been done repeatedly. ✓

POLITICAL CHARACTERISTICS OF THE DOMINION GOVERNMENT.

Patterned after the British Government, but without its traditional safeguards, the Dominion Government is essentially a political party government. The administration of affairs has gravitated into the most autocratic form of political bossism. This appears to be the result of an organic defect in the Canadian system of government. The party in power absolutely controls both the legislative and executive branches of the Government. The leader of that party, who is elected prime minister by the Commons, is for the time being autocrat of the country.

He is at once leader of legislation and chief executive. Virtually, legislative power is lodged exclusively in the House of Commons, which alone is elective. This characterizes both the Dominion Government and the provincial governments. As the prime minister is the leader of the Commons, the executive dominates the legislative in important particulars. According to our political ideas, this is the very antithesis of responsible government. Sir John A. MacDonalld is to-day the virtual autocrat of Canada.

Prof. Goldwin Smith characterizes the Dominion Government as a "federal republic with a false front of monarchy." To an American citizen it looks like a fierce democracy with a monarchical feather in its cap and a somewhat idolatrous fondness for the feather. If the President of the United States were a political nonentity, and our Secretary of State at once leader of the House of Representatives and actual chief executive, our Government would resemble that of Canada. Some idea of the practical workings of the Canadian Government could then be formed, by supposing our "premier" going to the Speaker of the House of Representatives some morning, and, handing to that officer a bill amendatory of the Constitution of the United States, to be put through as a party measure, with an appropriation bill in favor of sections likely to object, and then stepping over to the Senate and informing the president of that body that when the bill came over from the House it must be put through at once, and without debate. The Canadian Senate is not elective, and, like the British House of Lords, it really exercises no independent legislative power. Such a government, closely patterned after the monarchical institutions of Europe, can never excite the envy of the people of the United States.

I believe that it is perfectly proper to say that the Dominion Government is essentially a confederacy from which any one of the provinces may secede at pleasure, and that the right of secession is so cherished by the Canadians as to make that sentiment an almost insuperable obstacle to annexation to the United States. Their separate and independent existence as colonies for over one hundred years has developed a decided repugnance to an indissoluble union. Something in the nature of political regeneration must precede annexation.

The peculiarity of the Dominion Government which chiefly affects its relations to this country is that, while in fact perfectly independent of Great Britain in all matters of internal and external policy, its treaty relations are negotiated by Great Britain as a mere "go between." In her diplomacy with the United States, Canada uses the British flag as a screen behind which she violates treaty stipulations, and refuses to be bound even by those reciprocal relations of commercial usage, of comity, and of common humanity which characterize the conduct of civilized nations toward each other at the present day.

After two years of most unsatisfactory correspondence Mr. Bayard lost all patience with the diplomatic farce of treating with Canada through Great Britain. In a letter addressed to Sir Charles Tupper, under date of May 31, 1887, he said:

It is evident that the commercial intercourse between the inhabitants of Canada and those of the United States has grown into too vast proportions to be exposed much longer to this wordy triangular duel, and more direct and responsible methods should be resorted to.

I hold most confidently and shall attempt to prove to this committee that by virtue of the superior natural and acquired advantages which the United States possesses in regard to the fisheries, commerce, navigation, and transportation, the Government of this country, by peace-

ful methods alone, is able to exercise an hundred times as much influence over the conduct of the Dominion Government toward this country as can possibly be exercised in that direction by the Government of Great Britain.

I shall endeavor to show to this committee the practical bearings of the foregoing remarks, from the consideration of issues which have arisen in the progress of events.

AN IMPORTANT DIFFERENCE WHICH EXISTS BETWEEN THE FISCAL POWERS OF THE UNITED STATES GOVERNMENT AND THE DOMINION GOVERNMENT.

Much light is thrown upon the subject of our Canadian relationships by considering the radical difference which exists between the fiscal powers of the United States and Canada and the manner in which such powers are exercised.

The Constitution of the United States allows the imposition of duties upon imports but forbids duties upon exports, and it does not clothe the Executive with any discretionary power of changing the rates of duties prescribed by the legislative branch of the Government. The Dominion Government, on the other hand, imposes duties upon both imports and exports by statute, and besides the administrative branch of that Government is endowed with the function of raising or lowering duties from time to time, as may appear to be necessary, in order to defend Canadian interests or to take advantage of American interests.

The customs law of Canada embraces 69 pages and its customs tariff 57 pages, a total of 126 pages; while the Canadian "customs orders in council" comprise 162 pages. All of these are printed in books of the same size and type. Here are the two books. [Showing them.]

This amplification of powers, of course, gives to the Dominion Government important advantages of a tactical nature in its intercourse with the United States. For example, by act of 18 Congress placed pine logs on the free list. This was manifestly an act in favor of the milling interests of this country. But it was at once met by an order in council placing an export duty on logs, in order to protect the milling interests of Canada.

The Canadian duty on logs is \$2 per thousand and the Governor-General, in council, is authorized to increase it to \$3 per thousand at discretion. So it appears that in our commercial intercourse with Canada we are confined to the use of the right arm of import duties, while Canada may use the right arm of import duties, the left arm of export duties, and also have recourse to the auxiliary power of "orders in council," which may be regarded as a sort of kicking arrangement. This extraordinary equipment of fiscal powers allows the exercise of a degree of commercial tact and acumen in diplomacy, in legislation, and in the administration of executive duties which does not inhere in the Government of the United States.

PHYSICAL CHARACTERISTICS, POPULATION, AND CLIMATE OF CANADA.

The Dominion of Canada consists of four blocks of inhabited territory, separated by extensive intervening desert and irreclaimable spaces. These different sections of British North America are:

First, the maritime provinces, consisting of Nova Scotia, Prince Edward Island and New Brunswick;

Second, Canada proper, consisting of the Provinces of Quebec and Ontario;

Third, Manitoba and the Northwestern Territory; and
Fourth, British Columbia.

These inhabited areas, the maritime provinces excepted, are bounded on the north by a region of eternal frost, a vast American Siberia, and on the south by the United States. They have naturally slight commercial relations with each other, but geographically and commercially each is closely related to this country. Before the Dominion Government was organized, the several provinces were socially, commercially, and politically strangers to each other. Communication between them is now maintained, chiefly, through the agency of two railroads, the Intercolonial and the Canadian Pacific, which subserve political as well as commercial ends. Lord Lansdowne, late Governor-General of Canada, said, in 1885, "Confederation without the railway was not worth the paper on which the British North American act was printed." Newfoundland never joined the confederation, and, as the years roll by, she apparently sees weightier reasons for keeping out of it.

POPULATION.

The population of the Dominion of Canada, in 1889, was 5,075,855 as against 65,000,000, the estimated present population of the United States.

The following table exhibits the population of the various provinces of the Dominion according to the statistical bureau of the Canadian Department of Agriculture:

Provinces.	Population 1889.	Provinces.	Population 1889.
Ontario	2,197,824	British Columbia	156,641
Quebec	1,500,574	Prince Edward Island	123,277
Nova Scotia	491,239	North West Territories	107,515
New Brunswick	349,395		
Manitoba	150,390	Total	5,075,855

The estimated population of the State of New York at the present time is about 5,600,000, or nearly 600,000 in excess of the total population of the Dominion of Canada.

In a speech delivered in the Canadian parliament on the 14th of March, 1888, Sir Richard Cartwright estimated that there were then about 1,000,000 persons of Canadian birth now residing in the United States, and that three-fourths of the foreign immigrants into Canada during a period of twenty years, or nearly 400,000, had crossed the line and settled in the United States. The statistician of the Canadian Department of Agriculture informs me that there are now about 78,000 persons residing in Canada who were born in the United States. The facetious remark that the best people in Canada come to the United States and the worst people in the United States go to Canada appears to have a substantial basis of fact.

About 92 per cent. of the population of the Dominion is situated east of Lake Superior.

Population in Ontario and Quebec extends about to the line where the rigors of the Arctic region repel the Anglo-Saxon race. The same is approximately true in Manitoba.

It is a matter beyond all question that the severity of the climate of Manitoba renders it much less desirable as a place of abode than the contiguous States of Minnesota and North Dakota. Manitoba has a

population of only 150,390, whereas Minnesota has a population of nearly 1,000,000, and North Dakota a population of about 210,000. The Dominion government has made strenuous efforts and has expended a large amount of money in the attempt to induce immigration from Europe into Manitoba, but thousands of such immigrants have subsequently found a more agreeable abode in Minnesota and Dakota. The experiment was tried with a band of Icelanders, but they also have sought the more genial climate and better commercial and industrial conditions south of the international boundary line.

BRITISH COLUMBIA.

British Columbia occupies the entire portion of the Dominion of Canada west of the Rocky Mountains. It has a genial climate. Its population in 1889 is stated at 156,641. The population of the United States west of the Rocky Mountains is as follows:—

California (1885).....	1,079,000
Nevada (1885).....	58,000
Oregon (1885).....	249,212
Washington (1889).....	186,393
Arizona (1885).....	70,000
Idaho (1889).....	105,000
Utah (1889).....	211,000
Estimated increase since 1885.....	250,000
Total.....	2,203,605

I shall hereinafter show you that by the force of Canadian and British commercial and naval subsidy, backed up by a military display at Esquimaux, on the Island of Vancouver, an attempt is being made to break down the shipping and commercial interests of this population of ours of over 2,000,000 on the Pacific coast in favor of the foreign commerce and shipping interests of a Canadian Pacific coast population now estimated at 156,641.

INFLUENCE WHICH THE INTEREST OF THE DOMINION GOVERNMENT IN TRANSPORTATION LINES EXERTS UPON ITS RELATIONS TO THE UNITED STATES.

The relations which the Dominion of Canada sustains to the United States are largely determined by the character of the Canadian government as a builder, owner, manager, and promoter of transportation lines, both for commercial and political purposes. The Government of the United States, on the other hand, in dealing with the subject of transportation, has confined itself almost entirely to the regulation of the railroads. It has never become an owner or practical manager of such lines, but has left that entirely to private enterprise. A proper appreciation of the import of the relations sustained respectively by the two adjacent countries to transportation lines is essential to a correct understanding of the whole subject of the relations which exist between Canada and the United States. This I hope will become clearly apparent from the following statement as to the interests which the Canadian government has in transportation.

The most important of the administrative offices of the Canadian government is that of railways and canals. It is presided over by a cabinet minister, and the operation of the government lines of transportation is supervised by a chief engineer and general manager. Sir John A. Macdonald, premier—the uncrowned king of Canada—now has

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charge of the portfolio of railways and canals. The fact of chief importance to be kept in mind in this whole discussion is that the Dominion government is about as much a commercial and transportation corporation as a political corporation. This causes it to be inherently aggressive toward American commercial interests.

CANADIAN GOVERNMENT CANALS.

About the time when the State of New York embarked in the work of constructing the Erie Canal, Canada began the construction of her system of canals connecting Lake Erie with ocean navigation at the port of Montreal. This was accomplished by the construction of the Welland Canal, which overcomes the fall between Lake Erie and Lake Ontario; and the system of St. Lawrence River Canals, which overcomes the rapids in the St. Lawrence River between Kingston and Montreal.

The governments of Canada and Great Britain have also had a direct interest in Canadian canals with reference to military objects. I refer especially to the Ottawa and Rideau canal system, which was constructed between Montreal and Kingston, mainly for military purposes, in view of the fact that the St. Lawrence Canal is too much exposed to an attack from the United States.

The canal system of Canada cost a little over \$52,000,000, and it is still owned and operated by the Dominion Government.

The Welland and St. Lawrence Canals, which form the most important part of these works, compete with the Erie Canal, and with the east and west trunk lines of the United States.

The cost of maintaining and operating the canals of Canada considerably exceeds the revenues derived from them. This is shown by the following table:

Year ended June 30—	Total receipts.	Expenditures.		
		Maintenance and repairs.	Construction.	Total.
1887.....	\$353, 111	\$484, 709	\$1, 873, 193	\$2, 357, 902
1888.....	351, 193	501, 067	1, 188, 302	1, 689, 369
1889.....	376, 280			

This clearly indicates that the canals of Canada, like those of the State of New York, are operated in the public interest, and not as a source of revenue.

CANADIAN GOVERNMENT RAILROADS.

The Dominion Government owns and operates the Intercolonial Railway system, the main line of which extends from Point Levis, opposite Quebec, to Halifax. The total length of lines composing this system is 1,354 miles. Its total cost on the 30th of June, 1887, was \$44,995,932. The working expenses of the system exceeded its gross receipts in 1887 by the sum of \$232,106.

The Intercolonial is essentially a political railroad, connecting the maritime Provinces with Ontario and Quebec. Its construction was one of the essential conditions of the British North American act, or so-called Canadian "constitution," by which the British Provinces were confederated under the Dominion Government.

THE CANADIAN PACIFIC RAILWAY.

The close relation of interest existing between the Dominion Government and the Canadian Pacific Railway Company constitutes, however, by far the most important feature of the political relations sustained by Canada to the United States.

In the annual report of the minister of railways and canals, the Canadian Pacific is classed as a government railroad.

The Canadian Pacific Railway with its connections east of Mattawankeag, Me., extends across the continent from St. John, New Brunswick to Vancouver. It has a total mileage of 4,958 miles. Its construction was an integral feature of the scheme of confederation, whereby the British North American Provinces were united under the Dominion Government on the 1st of July, 1867.

The total railroad mileage of Canada is 12,701, and may be classed as follows :

Lines owned by the Government.....	Miles.
Canadian Pacific Railway.....	1,354
All other lines.....	4,958
Total.....	6,389
	12,701

COST OF GOVERNMENT RAILWAYS AND CANALS TO THE PEOPLE OF CANADA.

In the construction of her canals and railways, Canada has expended in cash over \$200,000,000, and has granted exemptions, franchises, and gifts of land which swell the total value of governmental subvention to considerably over \$300,000,000. How intimately the Canadian transportation system is related to the Canadian political system is evidenced by the fact that in order to secure it the people of Canada have submitted to a burden of debt proportionally equal to the burden of debt assumed by the people of this country in order to save the American Union.

It is my firm belief that if the present administration of governmental affairs in Canada should go out of power, by the death of Sir John A. MacDonald or otherwise, any political party which should attempt to reverse this political transportation policy of the Dominion Government would be unable to retain power for six months, so intimately has this policy become identified with the commercial and industrial interests of the people, and interwoven into the very fabric of their governmental institutions.

The public debt of Canada increased from \$93,000,000 in 1867, the year of confederation, to \$235,107,948 November 30, 1889. This increase in the Dominion debt was due chiefly to the construction of railroads since the Dominion Government was formed in 1867.

It is difficult for us even to estimate the force of the public sentiment which has created this great public debt of Canada, or to measure its significance as an element of aggression upon the commercial and transportation interests of this country.

THE CHARACTER OF OUR RELATIONSHIPS OF TRANSPORTATION WITH CANADA.

It appears evident from what has just been said that when we come to consider the question of our relationships of transportation with Canada we must remember that we are dealing not only with a government, but with a great system of transportation backed up by that government and sharply competing with the commercial and transportation interests

of the United States. If the Dominion of Canada were as completely divorced from the actual conduct of commercial affairs as is the United States, our Canadian relationships would be purely political relationships, but the difficulty involved in the case is that the United States Government in its foreign policy is ingenuously political, while the foreign policy of the Dominion Government, from the compulsion of political and commercial forces and of financial obligation in transportation lines, is intensely commercial. This assumption by the Dominion Government of responsibility for the commercial success of the country of course brings to bear upon that government a pressure the compulsive force of which we can form no conception in this country. The management of transportation has, in fact, become a public function interwoven into the social, political, and commercial life of the people of Canada.

By virtue of the fact that the Dominion Government, or rather the political party in power in Canada, has become responsible to the people, not only for the financial success of canals and railroads, but also in a large degree for the commercial prosperity of the country, that Government is, from the very force of circumstances, driven to all those cunning expedients commonly resorted to by competitors in commercial undertakings. No such responsibility attaches to the Government of the United States. The coercion of public sentiment forces the Dominion Government to be commercially aggressive toward the United States, and I am inclined to believe that it is by the vigorous prosecution of such a line of policy that the political party now in power in Canada has so long held the reins of government.

Evidently it is impossible for the Canadian Government to enter into any treaty agreement with the United States which would relieve it from the necessity of recourse to all these tactical and strategic expedients to which rival trunk lines everywhere compete and war with each other. This is precisely the thing against which the Government of the United States is now called upon to protect American interests, and this, as I apprehend the case, mainly defines the work devolving upon this committee.

The circumstances and conditions just described give a very peculiar character to our Canadian relationships and render it much more difficult for us to enter into fair treaty arrangements with Canada than with any nation on the globe.

THE AGGRESSIVE POLITICAL AND MILITARY CHARACTER OF THE CANADIAN PACIFIC RAILWAY.

The Canadian Pacific Railway was conceived by the leaders of the political party which has been in power in Canada since July 1, 1867, with the exception of the interval of five years from 1873 to 1878. Those gentlemen clearly saw that the tendency of the trade of all the British North American Provinces is with the United States, and that this if unrestrained would, in time, be likely to develop a sentiment in favor of annexation to this country. They therefore resolved to embark in an enterprise which would change the course of the commercial and political development of their country. This scheme embraced the construction of both the Intercolonial and the Canadian Pacific Railways.

It was originally determined that both these railways should be constructed by the Dominion Government, and be owned and operated by it, the belief being entertained that the two lines would be able not only

to overcome the force of natural commercial affinities toward the United States, but that, in connection with subsidized British steamer lines on the Atlantic and on the Pacific, they would be of power to deflect and to control a considerable portion of the domestic and foreign commerce of the United States. This was a bold scheme, but it was conceived by bold men. The acknowledged leader of the movement was Sir John A. Macdonald, now and for many years premier and dictator of the political fortunes of Canada. No abler or more adroit statesman and politician has ever held the reins of political power on this continent.

The Canadian Pacific Railway was publicly advocated in England and in Canada in the early part of our late civil war, upon military as well as commercial and political considerations.

In 1861 the Duke of Newcastle, then a member of the British cabinet, declared that the Interoceanic Railway "satisfied military and other conditions in the interest of the Empire," and on the 3d of January, 1863, while the war of the rebellion was raging in this country, he declared in the House of Lords that an interoceanic railway through British North America would subserve important ends "in the event of war on the other side of the Atlantic."

In 1862 Sir E. Bulwer Lytton advocated the construction of the two political railroads of Canada "for imperial interests, commercial and military."

Sir Edward W. Watkin, who has for many years been a member of the British Parliament and has crossed the Atlantic Ocean thirty times in thirty-five years on political and commercial errands connected with Canadian confederation and the construction of the political railroads of the Dominion, in a book published about two years ago declares that he is "an Imperialist;" that he "hates little Englandism;" that he has been laboring these many years "in the cause of permanent British rule over the larger part of the great northern continent of America;" that, in his opinion, the Canadian Provinces ought to become "links in a chain of British nations;" and that "a line of military posts of strength and magnitude, beginning at Halifax, on the Atlantic, and ending on the Pacific, will give power to the Dominion, and wherever the red coat appears confidence in the old, brave country will be restored."

About three years ago Sir John A. Macdonald divulged to one of the editors of the Pall Mall Gazette the politico-commercial idea upon which the whole Canadian Pacific Railway enterprise is based. He described it as a railroad extending from ocean to ocean, and superior to the American roads by virtue of that fact, and the fact that it enjoys a monopoly of the transcontinental traffic of Canada. Then, in an outburst of enthusiasm, he announced the fact that he was an imperial confederationist, and a firm adherent of "Greater Britainism." Referring to the Canadian Pacific Railway as a part of an enormous political scheme he said:

With England as a central power, with Australia and South Africa as auxiliaries, we (the Confederated British Empire) must control the seas, and the control of the sea means the control of the world.

The leaders of the political party in power in Canada to-day make no attempt to disguise their purpose. The "Hand-Book of Canada" recently published by the Dominion Government, states that the Canadian Pacific was constructed "in the interests of the empire at large, as well as those of Canada," and it adds that if these far-seeing plans had been

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taken up when first mooted, "Canada would have been at least two generations in advance of her present position, while 'Greater Britain' (*i. e.*, British imperial confederation) would have been in a much higher state of development than it is." This significant remark also follows:

It was a singular coincidence and perhaps a prophetic omen of the future imperial importance of this railway, that the first loaded train that passed over its entire length from ocean to ocean was freighted with naval stores belonging to the imperial war department, transferred from Quebec to Vancouver.

In speaking of the negotiations for a British subsidy in favor of the Canadian Pacific steamer line to China and Japan, the president of that railroad said in his annual report for 1887:

The imperial interests involved in this question are so important that there can be little doubt of a satisfactory result.

That anticipation was realized.

These facts clearly prove the political character of the Canadian Pacific Railway and seem to raise the question as to whether the United States, or a confederated British Empire is finally to secure commercial supremacy on this continent.

The degree of success already achieved by this gigantic Canadian undertaking seems to throw a new light upon the subject of the influence of political forces upon the course of commercial movements.

AID EXTENDED TO THE CANADIAN PACIFIC RAILWAY BY THE DOMINION GOVERNMENT.

The Intercolonial Railway was built, and is still owned and operated by the Dominion Government. It was the original intention to adopt the same plan with reference to the construction and operation of the Canadian Pacific Railway, but in consequence of political scandal concerning the financial management of the Canadian Pacific, Sir John A. Macdonald's party was dethroned in 1873. Five years later, however, in 1878, he triumphantly returned to power on the very line of railway policy upon which he had originally embarked the political fortunes of his party. But in consequence of the complications involved in the political collapse of 1873, it was found expedient to commit the construction and management of the road to a private corporation, the Canadian Pacific Railway Company. This corporation embarked in the work of construction May 2, 1881.

All the works completed and in progress at that time under governmental control were turned over as a free gift to the newly-formed company. The total value of these particular works is estimated at \$35,000,000.

From the beginning the Canadian Pacific Railway Company has been the *alter ego* of the Dominion Government in all matters touching its relations to the commercial, transportation, and navigation interests of the United States.

As a purely commercial enterprise the great transcontinental railroad of Canada had no *raison d'être*. No financial house or syndicate on the globe would have attempted to float its securities, nor would have lent it a dollar, and it exists to-day merely as the offspring of Canadian political devisement and subvention.

The following table indicates the subventions of various sorts which called the Canadian Pacific Railway into being :

Revised estimate of gifts from the Dominion Government to the Canadian Pacific Railway Company, and securities which that company has been enabled to float (stock and bonds) as the result of the Dominion guaranty and the land grant of 25,000,000 acres of land :

Cash subsidies as follows:

(a) Subsidy of \$25,000,000 mentioned in section 3 of act of February 15, 1881 ; (b) 714 miles of railroad constructed by the Dominion Government, costing \$35,000,000, which was presented to the Canadian Pacific Company as a gift, with interest to June 30, 1887. (See Public Accounts of Canada for 1887).....	\$61,760,785
Capital stock originally \$100,000,000, but reduced to \$55,000,000, with a dividend of 3 per cent. guaranteed for ten years. (See Pool's Manual).....	65,000,000
During the session of Parliament of 1884 the Dominion Government authorized a loan to the company of \$29,880,916, to be paid as for the work of construction continued, and for the purpose of expediting construction. Of this amount \$9,880,912 is secured by lien on the entire road and land grant subject to the then outstanding land-grant bonds; also government bonds to the amount of \$20,000,000, which were exchanged for a like amount of the company's loan of \$35,000,000, which had been issued in the place of the \$35,000,000 of original stock which had been retired. (See sec. 4, act 20 July, 1885).....	29,880,912
Balance of \$35,000,000 loan, after deducting \$20,000,000 placed in the hands of the government, in order to secure the \$20,000,000 bonds above mentioned.....	15,000,000
Land-grant bonds issued by the company as a lien upon the lands which it acquired by gift of the Dominion.....	25,000,000
Bonds, interest guaranteed by the Dominion for fifty years at 3½ per cent., issued to the company for the purpose of remunerating it for the loss of its relinquishment of the monopoly of railroad building in Manitoba.....	15,000,000
Subsidy of \$146,000 a year for twenty years to line through the State of Maine.....	3,720,000
Total.....	215,261,697

Of this total sum about \$105,000,000 may be classed as cash and gifts available as cash, and \$110,000,000 as guaranties of securities.

The president of the Canadian Pacific Railroad has conceded that this is a correct statement of direct aids which the company has received from the Dominion Government. According to the balance sheet of the company for December 31, 1888, the total cost of the road and its equipment, plant, materials, and supplies was \$167,093,895. The total stock, bonded debt, and current liabilities of the company on the same day, amounting to \$131,350,019. The various aids received from the Dominion Government at their par value was, therefore, \$48,267,802 in excess of the cost of the road, and \$84,011,678 in excess of its liabilities. Even estimating that the aids received from the company realized to it only 90 per cent. of their face value, the total value of subvention largely exceeded both the cost of the road and the present liabilities of the company.

CONCESSIONS AND FRANCHISES GRANTED TO THE CANADIAN PACIFIC RAILWAY COMPANY BY THE DOMINION GOVERNMENT.

The various concessions and franchises conferred by the Dominion Government upon the Canadian Pacific Railway Company are enumerated as follows:

(a) Direct gifts of money, land grant, and other privileges which have become available as cash assets in the processes of funding as before stated, \$105,000,000.

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(b) Bonds and stock guaranteed by the Dominion Government, as before stated, \$110,000,000.

(c) Exemption from taxation by Dominion and Provincial Governments for all time. As the taxes of both the Union Pacific Railway and the Southern Pacific Company exceed \$1,000,000 a year (see Poor's Manual) I assume that the Canadian Pacific taxes, remitted, would amount to at least \$600,000 a year.

(d) Remissions of duties on rails and all imported material amounting to at least \$7,000,000.

(e) Protection against the construction of competing lines for twenty years. The value of this concession can not be estimated. To an American line it would constitute the guaranty of a fair rate of interest on its cost.

(f) The Dominion Government has granted an annual subsidy of \$186,000 a year to the portion of the line of the Canadian Pacific Railway which extends across the State of Maine. The obvious effect of this line will be to divert American and Canadian commerce from Boston and from Portland, Me.

It appears safe to say that the total value of all these gifts, privileges, exemptions, franchises, and guaranties of credit can be estimated at \$250,000,000. If similar grants had been made sixteen years ago to a railroad corporation in the United States their value to-day would be over \$350,000,000.

HOW THE DOMINION GOVERNMENT BY STATUTORY ENACTMENT AIDS THE CANADIAN RAILROADS IN COMPETING WITH THE RAILROADS OF THE UNITED STATES.

While the interstate commerce act of the United States operates as a restraint upon our railroads in their attempt to meet the competition of Canadian lines, the laws of Canada by special statutory exemption aid the railroads of that country in their persistent efforts to encroach upon American railroads. This fact is clearly set forth by the Interstate Commerce Commission in its recently published third annual report. Referring to the Canadian railroads the Commission says:

They are practically under no restrictions imposed by their own statutes in respect to long and short haul traffic, but are at liberty to charge high rates on local business, to indemnify for losses on through or international business. Their managers deny with more or less emphasis that their local traffic is subjected to higher rates, but when the liberty to make such charges and the necessity for it co-exist, the inducement at least is strong. The provisions of the Canadian statute on this subject are as follows:

"Sec. 226. The company, in fixing or regulating the tolls to be demanded and taken for the transportation of goods shall, except in respect to through traffic to or from the United States, adopt and conform to any uniform classification of freight which the governor in council, on the report of the minister, from time to time prescribes.

"Sec. 232. No company, in fixing any toll or rate, shall, under like conditions and circumstances, make any unjust or partial discrimination between different localities; but no discrimination between localities, which by reason of competition by water or railway, it is necessary to make to secure traffic, shall be deemed to be unjust or partial."

These enactments give all traffic carried in competition with our carriers unlimited freedom.

Mr. Chairman, these statutory provisions of the Dominion Government are part and parcel of a general line of political encroachment upon American interests, embracing the outrageous denial of reciprocal privilege to American fishing vessels, inhumanity to American fishermen and wrecked American seamen in Canadian waters, the violations

of treaty stipulations in the matter of discriminations in tolls and in entrance and clearance fees, the enormous subsidizing of the Canadian Pacific Railway and its connecting ocean steamer lines for the attainment of commercial and political objects inimical to the commercial and political interests of the United States, the unsuccessful effort made by the Dominion Government to refuse to be bound by the terms of its own statutory stipulations regarding reciprocal tariff legislation, and the unsuccessful effort made in 1888 to refuse to allow American railroads to engage in the business of hauling Canadian goods from one point in Canada to another point in Canada without payment of duty, while Canadian railroads are engaged in the business—an hundred times as great in magnitude—of hauling goods from points in the United States to other points in the United States without payment of duty. The facts in regard to these several causes of complaint are hereinafter presented with some degree of particularity.

THE UNITED STATES AND CANADIAN TRANSIT TRADE.

In order to arrive at a clear understanding of our Canadian relationship of commerce and transportation, it is necessary to consider very carefully the circumstances and conditions governing that reciprocity of transportation facilities commonly known as "the United States and Canadian transit trade."

The first intimation of the United States and Canadian "transit trade" is found in Article III of the treaty of amity, commerce, and navigation concluded between Great Britain and the United States Nov. 19, 1794. It is therein provided that "no duties shall be payable on any goods which shall merely be carried over any of the portages or carrying places on either side, for the purpose of being immediately re-embarked and carried to some other place or places." But the "transit trade" of the present day exists under entirely different circumstances and conditions.

About the year 1848, the inference was raised that if under our laws imported goods held in a Government store or bonded warehouse—for example, in New York City—could be transported thence through the streets of that city upon a truck or cart to a wharf and there placed on board a ship for re-exportation to a foreign country without payment of duty, it might also be lawful, under proper customs regulations, to deliver such goods on board of a railroad car, or on a canal-boat, and to transport them in bond and free of duty across the State of New York to Canada. This was done, and it constituted the beginning of the transit trade.

About the same time the privilege was accorded to the Canadians of shipping their products through the United States to foreign countries in bond and free of duty. Both these privileges were of vital importance to the Canadians, and American ship-owners, American sea-ports, and American transportation lines secured the advantage arising from handling Canadian goods. These two movements constituted what I shall designate as "the American side of the foreign transit trade."

The granting of these privileges of the "transit trade" was prompted not only by the merits of the purely economic and commercial aspects of the case, but also by a feeling of sympathy toward the Canadians who were for six months of the year cut off from maritime commerce in consequence of the suspension of navigation on the St. Lawrence River from November until May on account of ice and fogs. During that period the provinces of Ontario and Quebec were practically inland prov-

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inces, with the United States lying between them and the ocean. It is possible, also, that the granting this privilege of the "transit trade" to the ice-bound Canadians to some extent had its origin in the thought of wooing Canada to annexation, a sentiment which has floated in the minds of certain American statesmen and theorists for more than a century.

THE CANADIAN SIDE OF THE FOREIGN TRANSIT TRADE.

Upon the completion of the Welland and St. Lawrence Canals in 1818 the Canadian Government accorded to citizens of the United States the privilege of importing goods from foreign countries and of exporting domestic produce to foreign countries by the Canadian route without payment of customs duties in Canada. This afforded to the people of our Western and Northwestern States the competitive advantages of an alternative route, and at the same time it brought a large amount of commerce to the Canadian canals and to sea-going vessels at the port of Montreal. This constituted what I shall designate as "the Canadian side of the foreign transit trade." In referring to these two movements generally, I shall designate them as "the foreign transit trade." Both sides of the foreign transit trade are marked by characteristics of reciprocity which fully justified its existence.

It may be remarked, in passing, that the privileges of the foreign transit trade are of vastly more importance to Canada than to the United States, for the reason that the great sea-ports of the United States from Maine to Florida are open all the year round, and are more accessible to the ocean than is either Montreal or Quebec. Even during the season of navigation the value of Canadian foreign commerce across the United States is much greater than the value of American foreign commerce across Canada.

THE DOMESTIC TRANSIT TRADE

There is another and totally different branch of the United States and Canadian transit trade which demands attention. I refer to the transportation of merchandise from one point in the United States to another point in the United States across the territory of Canada, and the transportation of goods from one point in Canada to another point in Canada across the territory of the United States, in both cases without payment of duty. This sort of traffic I shall designate as "the domestic transit trade." This branch of the "United States and Canadian transit trade" had its origin in the geographical circumstance that east of Minnesota, where the parallel of forty-nine degrees is the international boundary, the territory of Canada forms an interjection into that of the United States of six degrees, or about 400 miles of latitude. Almost the entire settled portions of the provinces of Ontario and Quebec are situated south of a line drawn from the northern boundary of Minnesota to the northern boundary of Maine. On the other hand the State of Maine almost separates the Province of Quebec from the Province of New Brunswick. The population of the provinces of Canada interested in the domestic transit trade by virtue of these territorial interjections constitutes 92 per cent. of the total population of the Dominion of Canada.

The origin of the "domestic transit trade" was as follows: About the 1st of April, 1855, the railway suspension bridge 2 miles below Niagara Falls was completed. By this means the New York Central

Railroad, the Great Western Railway of Canada, and the Michigan Central Railroad formed the first all-rail line from New York to Chicago, with the single break caused by the Detroit River, which was crossed by ferry. Westward the course of empire was taking its way with impetuous tread. A large freight traffic at once sprung into existence, and there arose an instant demand for the privileges of transportation "in bond" across Canada without payment of duty. Franklin Pierce was then President of the United States. The question was raised as to whether American goods could be loaded into a foreign railroad car at Suspension Bridge and carried across the interjecting territory of Canada to Detroit without payment of duty. The analogy furnished by our navigation laws which forbid the carriage of goods from one point in the United States to another point in the United States in any other than an American vessel was set aside as inapplicable to the exigencies of the case. In the absence of any specific statute upon the subject the authorities at Washington yielded to the popular demand. Thus the domestic transit trade like the foreign transit trade had its origin in a mere exercise of administrative discretion. The Canadian Government gladly acceded to the arrangement, for it was of inestimable advantage to the traffic interests of the then most important railroad of Canada.

Since the organization of the domestic transit trade the amount of traffic over this particular Canadian route has greatly increased, although the relative importance of that route has decreased in consequence of the construction of the several powerful trunk lines south of Lake Erie which carry the great bulk of the commerce between the West and the sea-board.

The published statistics in regard to the value of the United States and Canadian transit trade are not complete. The following is all that is available for the year ended June 30, 1889:

FOREIGN TRANSIT TRADE OF CANADA THROUGH THE UNITED STATES.

Exports from Canada to other foreign countries through the United States.....	\$5,012,450
Imports into Canada across the United States and from other foreign countries.....	15,910,460
Total.....	20,922,910

FOREIGN TRANSIT TRADE OF THE UNITED STATES THROUGH CANADA.

Imports into the United States through Canada	\$3,394,546
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The value of exports from the United States through Canada to other foreign countries can not be stated. The amount is comparatively small, however, in view of the fact that the total value of exports from Montreal during the year 1838 was only \$27,262,174, and that the principal part of this consisted of Canadian produce.

DOMESTIC TRANSIT TRADE OF CANADA THROUGH THE UNITED STATES.

Total value.....	\$6,233,811
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DOMESTIC TRANSIT TRADE OF THE UNITED STATES THROUGH CANADA.

This cannot be stated, as no attempt has ever been made to collect the statistics. The value of goods thus transported between different points in the United States across Canadian territory probably amounts to \$100,000,000 a year.

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The foregoing facts clearly indicate that the United States and Canadian transit trade on the eastern side of the continent was the outgrowth of peculiar natural conditions, and of commercial exigencies common to the two countries.

TRANSIT-TRADE LEGISLATION AND TREATY STIPULATIONS.

Both branches of the transit trade hereinbefore described, and designated as "the foreign transit trade" and "the domestic transit trade," existed from the time of their inception by virtue of administrative discretion, and in the absence of any specific provision of law sanctioning them, until July 28, 1866, when the following act of Congress was passed:

[Revised Statutes, secs. 3005 and 3006, Chap. CCXCVIII; approved July 28, 1866.]

AN ACT to protect the revenue and for other purposes.

Sec. 5. *And it be further enacted*, That from and after the passage of this act, all goods, wares, or merchandise arriving at the ports of New York, Boston, and Portland, or any other port of the United States which may be specially designated by the Secretary of the Treasury, and destined for places in the adjacent British provinces, or arriving at the port of Point Isabel, Texas, or any other port of the United States which may be specially designated by the Secretary of the Treasury, and destined for places in the Republic of Mexico, may be entered at the custom-house, and conveyed in transit through the territory of the United States without the payment of duties, under such rules, regulations, and conditions for the protection of the revenue as the Secretary of the Treasury may prescribe.

Sec. 6. *And it be it further enacted*, That imported goods, wares, or merchandise in bond, or duty paid, and products or manufactures of the United States, may, with the consent of the proper authorities of the provinces or republic aforesaid, be transported from one port or place in the United States to another port or place therein, over the territory of said provinces or republic, by such routes, and under such rules, regulations and conditions as the Secretary of the Treasury may prescribe; and the goods, wares, or merchandise, so transported, shall upon arrival in the United States from the provinces or republic aforesaid, be treated in regard to the liability to, or exemption from duty, or tax, as if the transportation had taken place entirely within the limits of the United States.

Section 5 of the statute above quoted in terms legalized the "foreign transit trade," while section 6 as specifically legalized the "domestic transit trade." Let it be observed that this act was passed before the Canadian Pacific Railway was begun, and that under the provisions of the act the extension of the privileges of both branches of the transit trade was to be dependent upon the discretion of the Secretary of the Treasury. Let the fact also be noted that all the privileges of the "transit trade" secured by this statute were prompted by territorial interjections, and by the suspension of navigation on the St. Lawrence by ice, as already described, and that these natural conditions fully justified the existence of this reciprocity of transportation facilities.

The next measure in the order of time having reference to the legal establishment of the "United States and Canadian transit trade" is found in the twenty-ninth article of the treaty of Washington, which was concluded May 8, 1871. That article is as follows:

ARTICLE XXIX.

It is agreed that, for the term of years mentioned in Article XXXIII of this treaty, goods, wares, or merchandise arriving at the ports of New York, Boston, and Portland, and any other ports in the United States which have been or may, from time to time, be specially designated by the President of the United States, and destined for Her Britannic Majesty's possessions in North America, may be entered at the proper custom-house and conveyed in transit, without the payment of duties, through the territory of the United States, under such rules, regulations, and conditions for the

protection of the revenue as the Government of the United States may from time to time prescribe; and, under like rules, regulations, and conditions, goods, wares, or merchandise may be conveyed in transit, without the payment of duties, from such possessions through the territory of the United States for export from the said ports of the United States.

It is further agreed that, for the like period, goods, wares, or merchandise arriving at any of the ports of Her Britannic Majesty's possessions in North America and destined for the United States may be entered at the proper custom-house and conveyed in transit, without the payment of duties through the said possessions, under such rules, and regulations, and conditions for the protection of the revenue as the governments of the said possessions may from time to time prescribe; and, under like rules, regulations, and conditions, goods, wares, or merchandise may be conveyed in transit, without payment of duties, from the United States through the said possessions to other places in the United States, or for export from ports in the said possessions.

By an unaccountable blunder, or through some sort of diplomatic legerdemain, the privilege of transporting goods from one point in the United States to another point in the United States across Canadian territory was granted to Canadian railroads, by the words "to other places in the United States;" whereas the reciprocal privilege of transporting goods from one point in Canada to another in Canada across the United States was not granted to American railroads, as should have been done in the first paragraph by the corresponding words "to other places in the said possessions, or," which words should have been inserted after the words "without payment of duties," near the end of the paragraph. The whole transit trade existed and still exists in mutualities of interest which for all time could have had their proper expression and legal status in reciprocal legislation, and I have never yet been able to discover any sensible reason for incorporating any such provisions as these in the treaty of Washington, or in any other treaty.

And now allow me to recapitulate the leading facts hereinbefore stated which seem to have an important bearing upon issues which confront the country at the present time. The "transit trade" was the child of administrative discretion. Subsequently it was sanctioned by the act of July 28, 1866, and by Article XXIX of the Treaty of Washington of 1871. All this was prompted and justified by the particular circumstances of interjecting territory, by the disability under which the provinces of Quebec and Ontario labor of having no winter seaports, and by the advantages of competition which the St. Lawrence River route affords to our Western and Northwestern States during the season of navigation. On the western side of the continent the case is entirely different. Not one of the conditions which justify the eastern transit trade exist as a justification of the extension of the privileges of that trade to the Pacific coast.

THE TRANSIT TRADE PECULIAR TO THE EASTERN SIDE OF THE CONTINENT.

The act of July 28, 1866, was passed nearly three years before the first transcontinental railroad was opened for traffic in this country, and twenty years before the Canadian Pacific Railway was completed. The treaty of Washington also was concluded fifteen years before the completion of the Canadian Pacific Railway. It was impossible then to anticipate the potentialities of that railway in the international relationships of the two countries. It is absolutely certain, however, that no such treaty would ever have been signed by any sane American commissioner, nor ratified by any American Congress, if it had been supposed that it would be used as it is now being used to enable the

Canadian and British Governments to divert American commerce from American ships, American sea-ports, and American transportation lines, and to exploit British imperial confederation on this continent. But with the completion of the Pacific Railway to the Pacific Ocean in the month of May, 1886, the then Secretary of the Treasury, Hon. Daniel Manning, granted to the Canadian Pacific Railway Company the privileges of the transit trade, so that it was enabled at once to enter into competition with American lines for the transcontinental traffic of the United States, and also, by the sheer force of British and Canadian government subsidy, to compete with American steamer lines, American sea-ports, and American railroads for our Asiatic commerce.

It will be observed that under the provisions of the act of July 28, 1866, both the foreign and domestic transit trade were to be confined to such routes as the Secretary of the Treasury might prescribe. I am aware of the fact that, under a familiar rule of construction, a statute of a general nature, although in its form permissive, is nevertheless mandatory upon the officers of the Government charged with its administration, and that section 6 of the act of July 28, 1866, may be regarded in this light. There is, however, a question as to whether the Secretary did or did not err in allowing the transit trade on the Pacific coast to be conducted in part by vessel and in part by rail, embracing the transfer of cargo on foreign soil. But I submit to the committee that the historic facts which alone justified the passage of the act of July 28, 1866, and the questions of public policy which now confront the country regarding the encroachment of the Dominion Government upon the navigation, transportation, and commercial interests of the United States clearly demand that Congress shall by specific provisions of law so restrain the privileges of the transit trade as to prevent any improper or injurious diversion either of our internal or foreign commerce.

The scheme of British imperial supremacy over the commerce of the western side of this continent must be checked, and the supremacy of the United States over that commerce must be asserted and maintained.

RADICAL DIFFERENCES WHICH EXIST BETWEEN THE CONDITIONS UNDER WHICH THE TRANSIT TRADE EXISTS ON THE EASTERN AND ON THE WESTERN SIDE OF THE CONTINENT.

In order to make perfectly clear to your committee and even at the risk of repetition I desire to invite your attention to the following statements, showing specifically the radical differences which exist between the conditions under which the transit trade exists on the eastern and on the western sides of the continent:

First. The eastern transit trade is across interjecting Canadian territory. In part it is carried on over an American line, the Canada Southern Railway, the ownership of which is closely allied to that of the New York Central and Hudson River Railroad. There is no such interjecting territory on the western side of the continent, and no such American line there, nor can any such American line be constructed under existing Canadian laws.

Second. The transit trade across the interjecting Canadian territory at the east, while enabling some of the principal railroads of Canada to participate in our domestic trade, affords the reciprocal advantage to American shippers of short and direct lines between our Northwestern States and our New England States; but no such advantage of a shorter line

between different parts of this country is afforded by any railroad across Canadian soil on the western side of the continent.

Third. The most populous and most wealthy portion of the Dominion of Canada is for six months of the year dependent almost entirely upon transit across the territory of the United States for free commercial intercourse with foreign countries. But no such disability affects British Columbia. In common with all the Pacific coast ports, as far north as Sitka, Alaska, the ports of British Columbia are open all the year.

Fourth. The eastern transit trade lines tend to bring trade to American sea-ports, while the Canadian Pacific Railway, with its British steamer line adjuncts, operates very strongly to turn American commerce from American sea-ports, a fact which has created great alarm on our Pacific coast, and has led the convention of commercial and industrial organizations of that section to utter an earnest appeal to Congress for protection against the aggressions of the Canadian and British Governments.

Fifth. The St. Lawrence route affords to the people of our Western and Northwestern States the competitive advantages of an alternative route in their commerce with foreign countries beyond Canada; but the physical and political geography of the two countries present no such advantage to the people of this country on the western side of the continent.

Sixth. The railroads which were allowed to engage in the transit trade under the privileges of the act of July 28, 1866, and of Article XXIX of the Treaty of Washington, were all constructed as commercial highways, on commercial principles and to subserve merely commercial purposes, but, as before shown, the Canadian Pacific Railway was constructed by the financial aids which it received from the Dominion Government and for the purpose of subserving political objects distasteful to the United States and inimical to the interests of the people of this country. All this is evidenced by the contribution of \$215,000,000 in gifts and other subventions by the Dominion Government to the Canadian Pacific Railway, by an exemption of the property of that company from taxation, amounting to \$600,000 a year; by the remission of duties on rails and other materials, amounting to \$7,000,000, upon the basis of the rates of duty charged in the United States; by protection afforded to the Canadian Pacific Railway against the construction of competing lines, and by the subsidy to the portion of that road across the State of Maine, amounting to \$186,000 a year.

Seventh. The Canadian Pacific Railway connects with a British steamer line to Asia so heavily subsidized by the Canadian and British Governments as to threaten the ruin of the American steamer lines plying between San Francisco and ports in Asia, and to divert our Asiatic commerce from American sea-ports on the Pacific to the Canadian Pacific Railway terminus at Vancouver. The Canadian and British Governments, with the idea of the Imperial Confederation of the British Empire prominently in view, are now planning for the establishment of a heavily subsidized British steamer line to Australia and New Zealand. This will undoubtedly break down the American line of steamers plying between San Francisco and those islands unless Congress shall take vigorous measures for preventing such a disaster. The Canadian and British Governments are also planning for the establishment of a heavily subsidized transatlantic steamer line from St. John or Halifax to Liverpool. This line will tend to divert commerce from New York, Boston, and Portland, Me. But no such schemes for diverting commerce from American ships, from American sea-ports, and from American transportation lines characterized the railroads which were au-

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thorized to engage in the transit trade by the act of July 28, 1866, or by the treaty of Washington of 1871; and, as before remarked, that treaty would never have been signed by any sane American commissioner if it had been characterized by any such feature of hostility to American interests.

Eighth. The Canadian Pacific Railway is closely identified with military objects, which were urged with effect both in Canada and in Great Britain as one of the most potent considerations in favor of its construction. This feature of the enterprise is clearly indicated by the formidable fortress and naval station at Esquimaux, on the island of Vancouver. Although the Pacific coast population of the United States is 2,208,000, as against 156,000 in British Columbia, and the wealth and commerce of that section of the United States are correspondingly greater than those of Canada, no such military preparation has been made by our national Government on or near Puget Sound. As before stated, the first freight train which passed over the Canadian Pacific upon its completion was loaded with material of war. No such military display as this was associated with the transit trade authorized by the act of July 28, 1866, and by the treaty of Washington.

From the foregoing statements it appears that the United States and Canadian transit trade had its origin in mutual commercial needs; that it is based upon the physical conformation of the two countries; that it embraces within itself, and apart from any other consideration, the elements of a true reciprocity, and that it has no necessary connection whatever with the tariff question, or with any other question affecting the relationships existing between the two countries. It is simply in the nature of the "right of way" granted by each country across its territory to the citizens of the other.

STRUGGLE MADE BY THE CANADIAN PACIFIC FOR THE CONTROL OF AN IMPORTANT PART OF THE INTERNAL AND FOREIGN COMMERCE OF THE UNITED STATES.

The Canadian Pacific Railway was open for traffic in the month of June, 1866. With a phenomenal audacity the Dominion Government and the Canadian Pacific Railway management assumed that the privileges of both the internal and the foreign transit trade of the United States applied to transcontinental traffic, notwithstanding the historical fact that the entire transit trade was originally established under the peculiar conditions of interjecting territory on the eastern side of the continent, already described, and by virtue of the fact that the Canadian provinces of Ontario and Quebec are shut off from foreign commerce by ice and fogs during six months of the year. The act of July 28, 1866, made the extension of the "transit trade" subject to the discretion lodged with the Secretary of the Treasury touching the protection of the revenues from customs, and the twenty-ninth article of the treaty of Washington in terms provided for the transit trade over the particular routes on the east side of the continent described in that article, and to such other routes as might be "specially designated by the President of the United States." I think that from the stand-point of national interest and honor it is a cause for regret that the late administration should have granted the privileges of the transit trade to the Canadian Pacific Railway, and thus have aided the Government of Canada in carrying out a line of political and military policy the objects of which are inimical to the commercial, navigation, and transportation interests of this country, and in a political sense offensive to the United States.

As our navigation laws forbid that any foreign vessel shall engage in our domestic commerce, it was necessary that an American line of steamers should form the connection with the Canadian Pacific Railway, whereby that agency of the Dominion Government might be able to compete with the transcontinental and eastern trunk lines of the United States for the traffic of California, Oregon, and Washington with the east side of the continent. Under the arrangement which was made for carrying that object into effect, the Canadian Pacific Railway at once began a bulldozing policy in regard to rates, with the object plainly in view of wresting from the American lines a large share of the through traffic. Its management demanded a larger share than the American lines could afford to grant without imperiling their own interests. Besides, it was seen that a very material reduction of through rates, in order to prevent traffic diversion, would compromise the American lines with respect to an equitable adjustment of through and local rates, and generally with respect to competing and non-competing rates. This, however, would have led to discontent all along their lines, and the blame would of course have fallen immediately upon the managers of the American lines, who were prevented from adopting effective defensive measures by the anti-pooling provision and the "long and short haul rule" of the interstate commerce act. The general manager of one of the American lines remarked that with them it was a question of "no traffic or no rates."

The Treasury Department had given the whole case away in the beginning, and about the same time the interstate commerce act took effect. Everything seemed to favor Canadian aggression. For months the managers of the American transcontinental railroads were in a demoralized state, while Mr. Collingwood Schreiber, chief engineer and manager of the government railways of Canada, exultingly reported to his government, under date of December 26, 1887, that "already notes of alarm have been sounded by the American press at the manner in which the Canadian Pacific Railway is cutting into the business of the transcontinental roads of the United States." Canadian subvention and privilege and the restrictive legislation of the United States were doing their work.

The Canadian Pacific Railroad, constructed mainly by the gifts and aids of various sorts extended by the Canadian Government, and backed up by that Government in every act of aggression upon American interests, was fighting a set of American lines constructed mainly or entirely by private capital with large financial obligations, and confronted by a jealous and somewhat unfriendly public sentiment in this country toward railroads generally. The whole situation seemed to illustrate the irony of fate. After a while the Interstate Commerce Commission ruled that the competition of the Canadian Pacific Railroad is a cause for departure from the "long and short haul rule." This afforded relief to the transcontinental railroads, but greater relief to the producing industries of California, which depend for quick markets upon that portion of the United States situated east of the Missouri River. To what extent the "long and short haul rule" may be departed from the Commission has cautiously refrained from asserting, and the country is still at sea upon the vitally important question as to the influence which shall be exerted in the determination of relative rates by rival commercial forces, by mountain ranges and arid wastes, and by the competition of water lines and the power exerted by the Dominion Government through its *alter ego*, the Canadian Pacific Railway Company. This constitutes today the great emergent question of the American railroad problem.

For many months a war of rates continued between the Canadian Pacific and the American lines, and the situation to-day is in the nature of an armistice. Practically the railroads have been left to fight their own battles. The plan adopted for keeping the peace is that of differential rates. By this arrangement the Canadian Pacific is allowed to charge lower rates in order to secure a share of the through traffic of this country—a virtual concession to the financial power of the Dominion Government behind the Canadian Pacific. This is indicated by the rates which prevailed in the month of January, 1890, on through traffic from San Francisco to Chicago by direct American routes and by the Canadian Pacific route by steamer to Vancouver, and thence by the Canadian Pacific Railway and its eastern connections.

Through rates from San Francisco to Chicago.

Merchandise.	Direct American route.	Canadian Pacific route.	Differential.	Merchandise.	Direct American route.	Canadian Pacific route.	Differential.
Class:				Class:			
First.....	\$3.90	\$3.72½	\$.17½	A.....	\$1.90	\$1.82	\$.08
Second.....	3.49	3.25½	.14½	B.....	1.70	1.62	.08
Third.....	2.70	2.58	.12	C.....	1.35	1.28	.07
Fourth.....	2.10	2.00	.10	D.....	1.20	1.15	.05
Fifth.....	1.85	1.75	.10	E.....	1.10	1.05	.05

The discrimination in passenger traffic is illustrated by the following statement quoted from printed schedule now (Dec. 26, 1889) in force:

Rates from St. Paul, Minn., to Portland, Oregon.

Class.	Via Northern Pacific.	Via Canadian Pacific.
Limited:		
First class.....	\$60	\$50
Second class.....	35	30

The agreement as to rates just described applies only to transcontinental traffic, the eastern outposts of which are St. Paul, Milwaukee, Chicago, St. Louis, and New Orleans. Through rates are quoted between Atlantic and Pacific coast cities, but there is no supervision over such traffic such as that exercised by the Transcontinental Association over traffic west of Chicago and St. Louis.

The Canadian Pacific, in its fight with the American transcontinental lines, is now securing a large share of the transcontinental traffic, *i. e.*, traffic between the Pacific coast and a line of which the principal eastern points are St. Paul, Milwaukee, Chicago, St. Louis, and New Orleans. I am informed that in the year 1889 their share was about 39 per cent.

Besides this there is a traffic over which neither the Transcontinental Railway Association nor any other American railway organization appears to exercise any sort of control, and which is not included in the percentage just stated. I refer to the direct traffic between points in the Atlantic sea-board States and China and Japan.

The following tables exhibit, respectively, the kinds and weights of commodities exported from the Atlantic sea-board States to China and

Japan, via British Columbia, by the Canadian Pacific Railway, and its heavily subsidized British steamer line across the Pacific Ocean, also the kinds and weights of commodities imported into the United States from China and Japan, through British America, over the Canadian Pacific Railway.

Kinds and weights of commodities, the production of the United States, exported from the United States through British Columbia, via the Canadian Pacific Railway, to China and Japan, during the year ending June 30, 1888.

[From official reports by the United States inspector of customs at Vancouver, British Columbia.]

Articles.	Weight.	Articles.	Weight.
	<i>Pounds.</i>		<i>Pounds.</i>
Books.....	5,973	Personal effects.....	15,570
Boots and shoes, India rubber.....	910	Plumbago.....	390
Clocks and watches.....	997	Rattan core.....	395
Cottons.....	4,660,168	Calc.....	2,060
Gypsum.....	27,410	Tobacco and cigarettes.....	1,725
Hoofs, horns, and bones.....	72,696	Tram-cars.....	45,000
Lubricants.....	7,896	Type-writers.....	60
Machinery.....	678,047	Wire.....	53,653
Merchandise.....	31,192		
Organs.....	21,193	Total.....	5,425,355

Kinds and weights of commodities, the production of the United States, exported from the United States through British Columbia, via the Canadian Pacific Railway, to China and Japan, during the year ending June 30, 1889.

[From official report by the United States inspector of customs at Vancouver, British Columbia.]

Articles.	Weight.	Articles.	Weight.
	<i>Pounds.</i>		<i>Pounds.</i>
Air-guns.....	40	Lamps.....	410
Apples.....	310	Leather belting.....	1,713
Books, stationary, charts, and printed matter.....	40,588	Mica.....	45
Boots, India rubber.....	4,097	Milk, condensed.....	1,856
Carbons.....	4,140	Merchandise not specified.....	5,496
Cartridges, metallic.....	3,162	Missionary goods.....	70,490
Cases of wood.....	390	Musical instruments:	
Celluloid.....	1,255	Organs.....	2,720
Clay pipe.....	2,861	Pianos.....	1,650
Collars, linen.....	534	Oils, lubricating.....	18,016
Copper wire.....	19,070	Oils and paints.....	1,150
Cottons.....	11,756,504	Paper.....	100
Cream of tartar.....	821	Pencils of lead.....	880
Cresin.....	564	Personal effects.....	12,635
Dry goods, not specified.....	11,401	Phonographs.....	2,100
Drugs, not specified.....	8,080	Photographic goods.....	714
Electric fixtures.....	196,451	Pictures.....	110
Fire-works.....	1,400	Sulphur.....	274
Gas fixtures.....	2,119	Silk, raw.....	2,692
Ginseng.....	39,933	Skates, roller.....	37,700
Glassware.....	100	Tea.....	480
Head-lights for locomotives.....	450	Telegraphic wire.....	3,420
Head and fertilizers.....	182,760	Tobacco.....	753
Steel:		Cigarettes.....	3,792
.....	9,762	Tinware.....	1,531
.....	361	Varnish.....	1,754
.....	13,411	Wood manufactures:	
.....	470	Boats.....	2,340
.....	328,938	One show-case.....	(*)
.....	1,819	Wax-candle stock.....	7,786
.....	3,693		
.....	200	Total.....	12,834,091
.....	20,040		

* No weight given.

Kinds and weights of commodities, the production of the United States, exported from the United States through British Columbia, via the Canadian Pacific Railway, to China and Japan, during the year ending June 30, 1888.

Tea.....
Rice.....
Raw silk.....
Curtains.....
Matting.....
Straw b...
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Kinds and weights of commodities imported into the United States from China and Japan through British Columbia via the Canadian Pacific Railway during the calendar year 1888 and the eleven months ending November 30, 1889.

[From official reports of the U. S. Inspector of customs at Vancouver, British Columbia.]

Commodities.	1888.	Eleven months of 1889.	Commodities.	1888.	Eleven months of 1889.
	<i>Pounds.</i>	<i>Pounds.</i>		<i>Pounds.</i>	<i>Pounds.</i>
Tea	14,687,627	8,600,550	Bamboo		6,420
Rice	216,385	2,461,382	Silk dress		3,992
Raw silk	560,591	790,701	Porcelain	16,400	748
Curios	140,374	361,277	Animal skins		530
Mattings	4,030	365,912	Art goods		160
Straw braid		100,555	Groceries	167,010	
Flax fiber		83,370	Lily bulbs	19,250	
Paper ware		37,610	Ivories	180	
Silk waste		27,920	Merchandise (not otherwise described)		
Fireworks		16,777		1,065,370	644,411
Silk goods		10,391			
Japan ware		7,367	Total	16,877,427	14,407,533
Personal effects	180	7,350			

The quantity of cotton goods shipped from the United States to China and Japan by the Canadian Pacific route appears to have constituted 43 per cent. of our total exports of such goods to those countries during the year ended June 30, 1889.

The quantity of tea imported by this route during the calendar year 1888 constituted nearly 20 per cent. of the total imports of tea into the United States from China and Japan during the fiscal year ended June 30, 1889.

The precise question which confronts Congress and the country is: Shall a foreign railroad built by a foreign government and a subsidized British steamer line, established in connection with that railroad for commercial and political purposes inimical to the United States, be permitted to divert American commerce from American vessels, American sea-ports, and American transportation lines, and if not, what measures shall be adopted for the protection of such American interests?

LEGALITY OF THE ARRANGEMENTS UNDER WHICH THE PRIVILEGES OF THE "TRANSIT TRADE" HAVE BEEN EXTENDED TO THE PACIFIC OCEAN.

The legality of the arrangement whereby the privileges of the domestic transit trade have been secured by the Canadian Pacific Railway Company is subject to serious doubt. Such privileges have been secured by forming a connection with an American steamer line plying between Vancouver and ports in the United States as far south as San Diego, Cal. The abrogation of Article XXX of the Treaty of Washington denied this privilege to foreign vessels. The connection made by the Canadian Pacific with an American steamer line is, however, questionable as to its legality. Our navigation laws confine the domestic carrying trade of the United States exclusively to American vessels. Obviously an American vessel could not take a cargo of domestic goods from San Francisco to Valparaiso, Chili, and there ship them by a foreign vessel to New York, but American vessels are carrying goods from San Francisco to Vancouver, British Columbia, there to be shipped to New York by the Canadian Pacific and its eastern railroad connections under the conditions much less favorable to the protection of the revenues from customs than in the former case. It will

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2,602
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be easy for the committee to procure an opinion from the law officers of the Government upon this subject, and I therefore leave the matter with a simple expression of my views in regard to it.

There is, however, a feature of the foreign transit trade through Victoria which appears to be openly and flagrantly in violation of both the letter and spirit of the law. Our existing laws concerning the transportation of dutiable goods from sea-ports of the United States to interior points in the United States, for example, imported goods from San Francisco to Chicago, require that a consular invoice of such goods shall be delivered to the customs officer at San Francisco for examination; that entry of the goods shall be made at that port; that the goods shall be shipped under a transportation bond for the security of the duties; that the railroads over which the transportation takes place shall also be bonded, and that the cars in which they are carried shall be sealed. But at the present time foreign goods to be shipped east to points in the United States are received by an inspector of customs of the district of Puget Sound, who, as I am informed, has been made a consular agent of the State Department. He simply certifies to manifests of American goods, and forwards them without examination or certifying to the invoices, and without bonding the goods. The whole proceeding appears to be unwarranted by our law. The Canadian Pacific, being a foreign corporation, can not execute a bond to the United States for the faithful performance of any service whatever. So without any authority of law, and by what appears to be a manifest abrogation of the law, Vancouver is exempted from important requirements which apply to San Francisco. Thus the administrative branch of our Government is actually aiding the great politico-military railroad of Canada in its work of turning commerce from American ships, from American sea-ports, and from American transportation lines by the sheer force of Canadian and British subsidy. I hesitate not to characterize this discrimination against an American sea-port as disgraceful to the Government of the United States, and a matter which calls for immediate correction.

TRANS-ATLANTIC AND TRANS-PACIFIC STEAMER LINE CONNECTIONS OF THE CANADIAN PACIFIC RAILWAY.

Soon after the completion of the Canadian Pacific Railway in 1886, a line of steamers was established between Vancouver, British Columbia, and China and Japan. Steps have also been taken for the establishment of a British steamer line from Vancouver to Australia and New Zealand, and another British steamer line from St. John, New Brunswick, and Quebec to Liverpool. The provisions of law for the establishment of the British lines just mentioned are embraced in the following act of the Dominion Government passed at its session of 1889:

AN ACT relating to ocean steamship subsidies.

Her Majesty, by and with the advice and consent of the senate and house of commons of Canada, enacts as follows:

(1) The governor in council may grant to any individual or company a subsidy not exceeding the sum of twenty-five thousand pounds sterling per annum, to assist in establishing an effective fortnightly steamship service between British Columbia and the Australian colonies and New Zealand, or such proportion thereof as is decided on by the governor in council to assist in establishing a monthly service with the said countries, such subsidy to be granted for such term of years, not exceeding ten, and on such conditions as the governor in council considers expedient.

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(2) The governor in council may grant to any individual or company, to whom there is granted by the Government of the United Kingdom the aid hereinafter mentioned, a subsidy not exceeding the sum of fifteen thousand pounds sterling per annum, for a monthly steamship service, or a subsidy not exceeding the sum of twenty-five thousand pounds sterling per annum, for a fortnightly steamship service, between British Columbia and China and Japan, such subsidy to be granted for such term of years and on such conditions as the governor in council considers expedient: Provided always, that during such term the Government of the United Kingdom grants to such individual or company a subsidy of not less than forty-five thousand pounds sterling per annum for the monthly service, or of not less than seventy-five thousand pounds sterling per annum for the fortnightly service above mentioned.

(3) The governor in council may enter into a contract for a term not exceeding ten years with any individual or company, for the performance of a fast weekly steamship service between Canada and the United Kingdom, making connection with a French port, on such terms and conditions of to the carriage of mails and otherwise as the governor in council deems expedient, for a subsidy not exceeding the sum of five hundred thousand dollars a year.

This act provides for the establishment of the following British lines of steamers:

First. A fortnightly line from Vancouver to Australia and New Zealand, with a Canadian subsidy of \$125,000 a year; efforts being made for securing an additional subsidy from Australia and New Zealand;

Second. A line from Vancouver to China and Japan, with a subsidy of \$300,000 in the case of a monthly service, and of \$500,000 in the case of a fortnightly service; and

Third. A British line of steamers from St. John, New Brunswick, to Liverpool, with a Canadian subsidy of \$500,000 a year. This is to be supplemented by a British subsidy, the amount of which is not known, but is publicly stated at \$300,000 a year; making a total subsidy of \$800,000 a year.

The steamers of the Pacific line to China and of the Atlantic line to England are to be so constructed as to be readily available as armed cruisers in the military navy of Great Britain, and in consideration thereof they are to receive, in addition to the sums above mentioned, certain admiralty or navy subsidies, the amount of which is not publicly known. It is understood that this admiralty subsidy consists of a construction bounty and a navigation bounty, which is to run for a term of years. The steamers of the Atlantic line are to be of large size and great speed. This part of the general scheme of British transportation from Liverpool to Yokohama, Hong Kong, and Australia has been delayed by Canadian Pacific efforts to get possession of the part of the International Railway, which extends from St. John, New Brunswick, to Halifax. There can be little doubt of the final consummation of the entire scheme.

In the entire range of history there is nothing in the nature of governmental promotion of commercial and political objects which can be compared to this enormous scheme of subvention, embracing the Canadian Pacific Railway with its grants, privileges, and franchises, and its connecting ocean steamer lines, receiving both commercial and naval subsidies.

The foregoing facts emphasize and serve to elucidate the point which I have before stated, namely, that the United States is confronted at the north by a government which is thoroughly committed to a political policy involving a participation in commerce which is essentially aggressive toward American interests. This is the real question which we have to meet, and it must be determined in order to protect American ships, American sea-ports, and American transportation lines.

The people of our Pacific coast States now clearly see the impending danger and have asked Congress to protect them against it. More

recently a voice comes up from the State of Maine, asking that limitations shall be set to such encroachment.

Senator DOLPH. I would like to ask you what is the objection to allowing this Canadian railroad (running through Maine) and the Canadian subsidized steamship lines taking the produce of Minnesota, Wisconsin, the Dakotas, Illinois, and even of the Pacific coast, and transporting it to European markets? Why should we object to their subsidizing lines to carry the produce of our country more cheaply to foreign markets than our own railroads and steamship lines can do it.

The WITNESS. Senator, I will answer that generally in this way: It is a question before this committee and before Congress and the country for consideration as to whether that little Canadian Government, in connection with Great Britain, shall, by the power of subvention, divert the commerce of the United States from our own transportation lines and from our own seaports, as well as from our own ships, if we are going to build ships; whether it will pay us to allow our own throats to be cut.

Senator DOLPH. What do you say as to the producers of these products? Are they not benefited by the cheaper transportation afforded by the Canadian lines?

The WITNESS. There may be such advantage to the producer, but it strikes me as being detrimental generally to the public interest and to us as a nation, in view of our obligation to maintain and protect the various interests of the country. It would, in my opinion, be disgraceful to allow such a state of affairs.

Senator DOLPH. Your first proposition is that it injures our own railroads?

The WITNESS. Our own railroads and sea-ports.

Senator DOLPH. That it would build up the merchant marine of Great Britain and prevent the building up of our own. But you know the interests of the producer are generally supposed to be antagonistic to those of the transportation companies?

The WITNESS. I know that idea is entertained. That has been an idea which has prevailed on the Pacific coast and in your own State, and you know the extent of public sentiment here and there on that subject. But I hold that when it comes to a clean-cut issue of foreign governmental aggression upon American interests, we ought to present an unbroken front against such aggression. Just such a case now confronts us.

ACTION OF THE COMMERCIAL AND INDUSTRIAL BODIES OF THE PACIFIC COAST IN REGARD TO CANADIAN PACIFIC RAILWAY EN-CROACHMENT.

The people of the Pacific coast at last appear to be awake to the dangers of Pacific Railway encroachment. A resolution was unanimously adopted by the Chamber of Commerce of San Francisco on the 23d of July last, inviting the commercial and industrial bodies of the Pacific coast to meet in conference at San Francisco mainly for the purpose of considering encroachment made upon the maritime, commercial, and transportation interests of that section of the country by means of the enormous subventions granted by the Canadian Government to the Pacific Railway, the special Canadian legislation favoring such encroachment, and the subsidies granted by the Canadian and British Governments to ocean steamer lines, which are threatening the destruction of

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American steam navigation on the Pacific Ocean and the diversion of trade from Pacific coast ports.

That conference was held at San Francisco on the 29th and 30th of July last. In my opinion, it was one of the most important assemblages held in this country during the last twenty-five years. Referring to the whole scheme of British and Canadian subvention, the report of the conference declares that—

With such special advantages the Canadian Pacific can afford to quote rates which must drive the American steamer lines out of the China trade, and inflict an almost irreparable injury upon San Francisco.

The report of the conference also predicts the destruction of the American steamer lines now running on the Pacific Ocean to Australia, New Zealand, the Hawaiian Islands, the Fiji, and Samoan Islands, and to Mexico and Central America by British subsidized steamer lines forming part of a general scheme for capturing the commerce of the seas unless the United States Government shall adopt vigorous measures for preventing such a national disaster.

The commercial calamity which the merchants and other business men of the Pacific coast so clearly see to be impending, and against which they ask the Government of the United States to protect them, is not, as before remarked, the result of a struggle between private enterprise in the two countries, but the outcome of a struggle as between private enterprise in the United States against a Canadian railroad corporation which has received aid from the Dominion Government in excess of its cost, which has the active support of that Government in all its encroachments upon American commerce, and which has been appropriately styled "the Dominion Government on wheels." It is also the outcome of a struggle on the sea between private enterprise in the United States and British steamer lines so highly protected by subsidy as to take the contest out of the arena of commercial competition.

The commercial and political schemes of Canada and Great Britain are re-enforced by the formidable fortress and naval station erected by the governments of these countries at Esquimaux on the Island Vancouver.

Certain of the chief officers of the Canadian Pacific Railway have declared that these works are merely intended to serve as defenses against a possible naval attack by Russia. But this is manifestly absurd, and it is so regarded by military men. Russia sold Alaska to the United States to avoid the risk of having it captured by Great Britain in the event of war, and to avoid warfare with Great Britain in that part of the world. The evident object of the Esquimaux works is to hold the commercial vantage of protected and aggressive transportation lines across British North America, connecting Liverpool with China and Japan.

In an editorial notice of the assembling of the commercial conference at San Francisco, the Evening Bulletin of that city stated the merits of the whole case in a single paragraph, as follows:

Briefly stated, all the questions, to be considered may be resolved in this one: What power is to have the commercial supremacy on that part of the Pacific Ocean bordering the western side of North America?

This summarizes the whole case which now demands consideration by the Fifty-first Congress of the United States.

Copies of the proceedings and resolves of the San Francisco conference were sent to each Senator and Representative from the Pacific coast, with the request that they would use every consistent endeavor to place the matters hereinbefore mentioned before Congress.

THE MENACE OF THE CANADIAN PACIFIC RAILWAY COMPANY AND
THE COMMERCIAL INTERESTS OF THE STATE OF MAINE AND THE
MEASURE NOW BEFORE THE SENATE FOR PREVENTING THE THREAT-
ENING DANGER.

It has been the lament of the people of Canada for more than a hundred years that the second article of the treaty of peace concluded with Great Britain at Paris September 3, 1793, and bearing the honored names of John Adams, Benjamin Franklin, and John Jay, was not so drawn as to include the whole of the State of Maine in the British North American possessions.

In a measure, however, this assumed misfortune was overcome by the privileges of the transit trade accorded to the Grand Trunk Railway, privileges which, as I have attempted to show, have been mutually beneficial to the commercial interests of both countries, and I am bound to say have been exercised by the Grand Trunk Railway Company in an honorable and just manner. Assuming, apparently, that if one Canadian railroad could do her so much good, two Canadian railroads might do her twice as much good, the State of Maine has allowed the Canadian Pacific Railway Company to acquire the ownership of a line across her territory, and connecting on the eastern side of the State with lines extending to St. John, New Brunswick, and to Halifax, Nova Scotia.

The portion of this line in the State of Maine passes through a forest region far north of the central line of the population of that State. About 93 per cent. of the population of Maine reside south of this line, and only 7 per cent. north of it. Certain towns and parts of the State will undoubtedly be benefited by this foreign line, while larger towns and much the larger part of the State will presumably be unaffected by it, or receive thereby positive detriment. The commercial lines, upon which the prosperity of the State of Maine chiefly depends, tend toward Portland and other sea-board cities of New England. But this Canadian Pacific Railway line, with its powerful Canadian Governmental backing, tends to turn western commerce from these American sea-ports, and to turn local traffic along its entire line toward Montreal, and toward St. John, New Brunswick.

This section of the Canadian Pacific Railway was opened for traffic in June, 1889, and it came into being with a Canadian and British backing of subvention which at once made it formidable. The portion of the line extending from the St. Lawrence River to Mattawamkeag, Me., is to receive an annual subvention of \$189,600 a year from the Dominion Government for twenty years. This is simply a price paid by a foreign government for the diversion of American commerce from American sea-ports and American transportation lines. It has none of the reciprocal aspects of the transit trade about it.

Under the terms of an act of the Canadian Parliament, which I have already presented to you, a steamer line composed of large, first-class vessels of high power and constructed so as to be available as armed cruisers in time of war is to be established between St. John or Halifax and Liverpool. This line is to receive \$500,000 a year from the Canadian Government. As already stated, an additional subsidy of \$300,000 a year is expected to be granted to it by the British Government, besides the admiralty subsidy granted to all fast British merchant steamers available as armed cruisers. The total subvention to this line for diverting the course of our own commerce will therefore amount to over \$1,000,000 a year.

I can not here refrain from contrasting the apathetic course pursued by our own Government in failing to afford adequate protection to American commercial lines on the land and on the sea with the energetic and aggressive policy pursued by the Canadian and British Governments. Evidently this latest act of encroachment means the upbuilding of the commerce of St. John or Halifax to the lasting injury of Portland and the serious detriment of Boston.

But to make the matter worse, our own interstate-commerce act, or its administration, so operates as to help this aggressive Canadian line, and to restrain our American railroads even from a free competition with it. This is shown in the circular of the Interstate Commerce Commission of March 23, 1889. This circular requires that the railroads of this country must accept their proportion of through export rates to or from points beyond the sea, as their inland domestic rate on traffic not moving beyond our boundaries. At the same time Canada has in force an act in terms exempting her railroads from such requirement, and even inciting them to take all the advantage which the relative situation of affairs in the two countries affords.

The inevitable effect of our apathy and our restrictive legislation and adverse administration of law, in conjunction with the energy and aggressive policy pursued by the Canadian and British Governments, must be to cripple the foreign commerce of our own sea-ports, and to promote the prosperity of Canadian sea-ports.

It is not at all surprising, therefore, that under this adverse condition of affairs the State of Maine should be somewhat alarmed at the threatened diversion of commerce from her chief sea-port, or that Senator Hale of that State should have presented Senate bill 545, to set limits to the powers of her energetic foreign invader.

Without attempting any elaborate exegesis upon the provisions of that bill I will say that it provides—

First. That western produce shipped once through Canada, say at Sault Ste. Marie or Detroit, if bound to Europe by the Canadian Pacific route across the State of Maine, shall be regarded as dutiable when it reaches the western border of Maine.

Second. It proposes to charge duties twice on all goods imported into the United States over this route if such goods shall cross the territory of the United States more than once.

Third. It provides that all goods imported into Canada from foreign countries or exported from Canada to foreign countries over this route, which shall cross the territory of the United States more than once, shall be dutiable.

I commend the far-seeing and patriotic purpose of the Senator from Maine, and hope his bill may receive the consideration which it deserves in Congress.

THE POSSIBILITY OF CANADIAN RETALIATION.

The question has been suggested as to the effect which the suspension or proper regulation of the privileges of the transit trade on the western side of the continent, and other measures for the protection of American rights and interests, might have upon American interests in case the Canadian Government should see fit to retaliate by curtailing the privileges of the transit trade on the eastern side of the continent. Nothing could be more absurd than to apprehend any danger of this sort. In the entire range of our Canadian relationship, from Halifax to Vancouver the United States holds an overpowering advantage over

Canada, and at every point. The suspension of the transit trade would be of comparatively small disadvantage to the United States, whereas it would be utterly disastrous to Canada.

If the Dominion Government should forbid the transportation of Canadian goods in bond and free of duty over the subsidized Canadian Pacific line across the State of Maine, or should forbid the transportation of goods across the territory of the United States through the ports of New York, Boston, and Portland, Me., in the conduct of the foreign commerce of Canada, especially during the winter months, or should forbid the carriage of American merchandise from one point in the United States to another point in the United States across the interjecting territory of the Provinces of Ontario and Quebec, except upon payment of duty, such action would wreck the commercial, industrial, and transportation interests of Canada and at once dispel the cherished dream of Canadian commercial supremacy upon this continent.

To assume that the suspension or proper regulation of the privileges of the transit trade on the western side of the continent would lead the Dominion Government to retaliate by any interference whatever with the eastern transit trade, would be to impeach the common sense of the astute and exceedingly able men who now control the political affairs of Canada. Nothing could be more puerile than such an assumption. It is to-day entirely within the discretion of the Government of the United States to afford ample protection to American fishermen, American shipping interests, American sea-ports, and American transportation lines, against Canadian encroachment, without the slightest ground to apprehend any sort of Canadian retaliation. It is high time for the people of this country to appreciate the fact that their National Government holds a preponderance of commercial power on this continent as absolute as the preponderance of its military power, and to demand that those who are charged with the affairs of government shall adopt such measures as shall prevent any interference by a foreign power with the course of the development of our domestic or foreign commerce.

CANADIAN DENIALS OF THE RIGHTS OF AMERICAN CITIZENS; UNJUST DISCRIMINATIONS AND VIOLATIONS OF TREATY STIPULATIONS.

I now come to the consideration of those outrages upon the rights of American fishermen, to those unjust discriminations against American vessels and American commerce, and to those violations of treaty stipulations which as I understand, constituted the principal reason for the creation of this select committee on the relations existing between the United States and Canada.

THE FISHERY QUESTION.

The catching of fish on the broad Atlantic, beyond the limits of any national jurisdiction and outside the embrace of any projecting headlands, is commerce and it is navigation, and no quibbling over the language of treaties nor tergiversation of diplomatic phraseology can cast the shadow of a doubt upon the proposition. The practical question is, where are we to-day commercially in our fishery interests? I answer, outside of the provisions of the "transit trade," which is far more important to Canada than to the United States; outside of the privileges of re-exportation from warehouse without payment of duty; outside of those rights and privileges of maritime reciprocity which

now characterizes the maritime intercourse of the civilized globe, and outside even of those rights of hospitality and of humanity which are prompted by the humane impulses of mankind, which are generally secured by treaty, and, I think, are universally regarded as matters of international comity.

These general statements descriptive of the present commercial status of the fishery question relate exclusively to the open-sea fisheries, and do not touch the inshore fisheries, and the curing of fish by American fishermen on the shores of Newfoundland and Labrador. These latter are of comparatively small value and give rise to questions of privilege which I do not propose to consider.

And now, Mr. Chairman, in order to make these general statements perfectly clear I shall invite your attention to certain specific facts descriptive of the exact commercial status of our fishery relationships at the present time.

First. Under the provisions of the "transit trade," Canada is allowed to ship merchandise of every description across our territory without payment of duty. That amounted during the year ended June 30, 1889, to nearly \$21,000,000, but Canada refuses to allow to American fishermen the comparatively small privilege of shipping fish across her territory free of duty, although obviously bound to do so by the provisions of Article XXIX of the Treaty of Washington.

Second. Under our warehousing laws the privilege is freely accorded to the citizens of Canada and of Great Britain to enter goods of every sort and description at our sea-ports, and there to hold them as long as they may choose with the privilege of exporting them at any time to a foreign country, without payment of duty in this country, but Canada refuses even to allow one American vessel to lie alongside of another in her ports and there to transship a cargo of fish, even though such fish be caught in the ocean far beyond any pretended jurisdiction of the Dominion or British Governments. Dry and salted Canadian fish in bond are shipped in considerable quantities to American ports, thence to be exported to foreign countries free of duty, but not a pound of American fish is allowed a similar privilege in Canadian ports. The value of foreign fish thus exported from the United States during the year ended June 30, 1889, was about \$952,000.

Third. The vessels of Great Britain and of Canada may freely purchase in our ports food and ship-stores of every sort or description in the open markets. This privilege is freely accorded to Canadian fishing vessels, which visit our ports to a greater extent than American fishing vessels visit Canadian ports. No nation which pretends to be civilized—except Canada—denies to the vessels of other nations this privilege. The Dominion of Canada alone absolutely refuses to allow American fishing vessels the right to purchase in her ports food, bait, ice, seines, lines, and all other supplies and outfits, unless that right is purchased by cash payment or by privilege for which she will not and can not render an equivalent.

Fourth. The United States and all other nations pretending to be civilized—except Canada—allow the vessels of other nations to ship crews or part of crews at pleasure in their ports, but the Dominion Government denies this privilege to American fishing vessels.

Fifth. In case a British or Canadian fishing or other vessel is disabled at sea and puts into one of our ports for repairs, she may there sell her cargo or unload it and take it on board again without incurring duties upon it, and she may also have all necessary repairs done as freely as an American vessel, but if an American fishing vessel

with a load of fish caught 300 miles out at sea comes into a Canadian port in distress, she is denied every one of these privileges.

Under the present *modus vivendi* these privileges are in part secured by a license fee of \$1.50. This is as absurd and as open a violation of the rights of navigation as were the sound dues formerly exacted by Denmark, or the tribute levied upon the ships of other nations by the Algerine government, a piracy which the United States broke up in 1812. Only last September the master of the schooner *Loring B. Haskell*, of Gloucester, Mass., put into Louisburgh, Cape Breton, in distress. He had lost his sails. A new set of sails was sent to him from Gloucester to Sydney, Cape Breton. The collector at that port telegraphed the Canadian commissioner of customs at Ottawa, asking what he should do about it. This reply came back :

The COLLECTOR OF CUSTOMS,

Sydney:

Foreign fishing vessels without license can not have sails now in bond, nor any other vessel have them without payment of duty.

I. JOHNSON.

The meaning of this is that the sails sent to this American vessel would be confiscated if she was not licensed under the *modus vivendi*. In other words, the Dominion Government declared that this vessel shall pay tribute for a privilege which the United States freely accords to all Canadian vessels, and which the humane impulses of the civilized and even half-civilized world accords to distressed mariners generally.

Another vessel, the *M. S. Boston*, a few months ago arrived at Halifax in distress and was obliged to unload her catch, which she did, entering them at the custom-house and paying duty upon them; and for this offense Mr. Ross, collector of customs at that port, was summarily removed from office by the authorities at Ottawa.

Seventh. The vessels of Great Britain and of Canada, under the treaties of amity and of commerce between the United States and Great Britain, may freely enter our ports, there find shelter from storms, remaining as long as they please, and purchasing all necessary supplies for their comfort.

But American fishing vessels are denied shelter in Canadian ports and the right to purchase food or water. In considering this outrageous denial of the rights of common humanity to American fishing vessels the Hon. Daniel Manning, Secretary of the Treasury, in an official letter dated February 5, 1887, characterized it as "an act of barbarism fit only for savages," * * * "as contemptible and odious as for a Government conducting a naval war to fire, in these days, on a hospital ship attested by her color and flag and filled exclusively with the sick, wounded, or dying, their surgeons and nurses." And further, in describing the inhumanity and brutality of the Canadians, Secretary Manning told of an American crew which, during the summer of 1887, rescued the crew of a wrecked Canadian vessel, but on entering a Canadian port to land these men they were denied the privilege of purchasing food, of which they were sadly in need, and were rudely hustled out of port.

In his special message of August 23, 1888, President Cleveland characterized the conduct of the Canadians in terms almost as severe as those employed by Secretary Manning.

Meanwhile, the Canadians appear to have lost their heads in the delight afforded by the success of their outrageous conduct.

At the present time our fisheries are carried on under the privileges secured by a so-called *modus vivendi*, by which American vessels pay

for exemption from some of these outrageous disabilities at the expense of a license fee of \$1.50 per ton, an arrangement which Mr. Reed, Speaker of the House of Representatives, has aptly characterized as "a mode of dying," rather than "a mode of living." It is essentially an agreement to be about half-way decent for a consideration, and as such I think it ought to be regarded as an immoral compact. Besides, Mr. Chairman, this *modus vivendi* is virtually a concession by the United States of the right of Canada to visit upon American vessels the denials of privilege and the outrages which I have described.

This, Mr. Chairman, is the outcome of the diplomatic management of our fishery rights—rights which England was forced to acknowledge in the treaty of peace which followed the Revolutionary war—for the maintenance of which Samuel Adams was willing to resume the war of Independence, and for which John Adams stood like a rock at Paris in 1783.

In addition to the outrages which I have mentioned, for the better protection of her fisheries Canada has recourse to the civilized expedient of laying a duty of half a cent a pound on fresh fish, which is about the equivalent of an ad valorem duty of 30 per cent. Besides, she exempts her fishing vessels from all local taxation, and from duty on imported material, and grants to her fishing vessels a bounty of 85 cents a ton. We, on the other hand, allow the importation of fresh Canadian fish free of duty, our fishing vessels are not exempt from local taxation, we pay them no bounties, and we only extend to them the privilege of importing salt free of duty.

Evidently the whole aim and intent of the Dominion Government, and more particularly of the maritime provinces, viz, New Brunswick, Nova Scotia, Prince Edward's Island, and Newfoundland, is, and for the last seventy years has been, to drive American fishermen from the seas and to gain a monopoly of the North American fisheries. The Dominion Government is now striving to do this very thing by denying to American vessels all commercial privileges in her ports, by denying them the rights of humanity accorded to seamen by the whole world, and by discriminations protective and enabling toward Canadian fishing vessels.

Mr. Chairman, I believe the remedy for all these evils and disabilities which afflict our fishermen is entirely in our own hands, and that it may be applied without recourse to any hostile or even vengeful expedient. During the year 1887 the value of the exports of fish from Canada to the United States amounted to \$2,446,683, and constituted 37 per cent. of her total exports of fish. Almost her entire exports of fresh fish were to the United States. This is fully exhibited in the following table which I have prepared for the use of the committee:

Value of the exports of fish, and products of the fisheries from the Dominion of Canada to the United States and to all other countries during the year 1887.

Articles.	To the United States.	To all other countries.	Total.
Cod-fish:			
fresh, etc.	\$4,300	\$44	\$4,344
salted dry.....	399,388	2,125,143	2,524,531
wet salted.....	1,991	770	2,761
pickled.....	254	129	383
Tonnes and sounds.....	10,363	2,133	12,496
Mackerel:			
fresh.....	42,495	42,495
canned.....	32,305	419	32,724
pickled.....	573,968	83,761	657,729
Halibut, fresh.....	11,322	11,322

Value of the exports of the fish, and products of the fisheries, etc.—Continued.

Articles.	To the United States.	To all other countries.	Total.
Herring:			
fresh or frozen.....		\$94,929	\$94,929
pickled.....	\$118,654	148,956	243,010
canned.....	23		23
smoked.....	92,556	8,029	100,585
Sea fish:			
other fresh.....	46,661		46,661
pickled.....	9,199	1,254	10,453
preserved.....	1,242		1,242
Oysters, fresh	92	1,412	1,504
Lobsters:			
fresh.....	80,782		80,782
canned.....	328,938	1,040,255	1,379,213
Bait, clams or other.....	1	94	95
Salmon:			
fresh.....	141,519	5	141,524
smoked.....	125	40	165
canned.....	22,863	579,692	602,465
pickled.....	33,061	15,958	49,019
Fish:			
all other fish.....	401,688	50	401,738
all other pickled.....	19,320	639	19,959
Total	2,446,683	4,063,622	6,530,305

Now, the position which I take in this matter is that we shall establish a normal tariff on fish in accordance with the preponderance of sentiment in this country regarding our customs tariff, a sentiment controlled entirely by our own ideas of the force of the commercial and economic conditions involved in the case.

Then I would frame a discriminating schedule of duties on Canadian fish, to be applied in such manner as to meet each refusal of commercial privilege to our vessels such as is freely accorded by the United States to Canadian fishing-vessels and all other vessels. In the case of the denial of the rights of humanity to distressed seamen, I would respond by an absolute prohibition of the importation of Canadian fish. I hold that in this matter the United States is not only bound to defend its own honor and the interest of its citizens, but it is under a moral obligation to civilization to do so. This obligation requires that we shall put a stop to the disgraceful conduct of the Dominion Government towards our fishermen, for it is conduct which may almost be characterized as legalized piracy. Give to our fishermen these privileges, and they will cheerfully part with the privileges of the Canadian in-shore fisheries.

Mr. Chairman, I am aware of the fact that, in terms, the retaliatory measures adopted by the acts of June 19, 1886, and March 3, 1887, aim at the cure of the evils which I have referred to, but, with all due respect to the gentlemen who framed those statutory provisions, I beg leave to express the opinion that they are too vague and too general in their expression. For example, I think that not only the administrative officers of the Government, but the courts, would find it difficult to attach a definite signification to such expression as "commercial privileges," and also to the expression "unjustly vexed or harassed."

There is a great variety of "commercial privileges," some of which we may of right demand, and some of which we may not. And, again, there are a great many ways in which people may be "vexed or harassed." Some are serious, and others merely in the nature of frictional resistances. Besides, in view of the importance of our market to the Canadians and of our ports to their vessels—for, remember, the most valuable

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of the mackerel and cod-fisheries are off our own coast, and not off the coast of the British provinces—I believe that we can safely confine our retaliatory measures to the fishing business and to the sea-going vessels of Canada, and that it is unnecessary to have recourse to the prohibition of all exports from Canada, as provided by the act of March 3, 1887, and much more do I think it is unnecessary to have recourse to the extreme measure of the suspension of the United States and Canadian transit trade, as recommended by President Cleveland in his message of August 23, 1888.

Of all things, let us avoid fishery diplomacy. I would abrogate every treaty provision relative to the fisheries and trust the settlement of the whole subject to the chances of reciprocal legislation. In this matter the advantage is very largely on our side and we can use it wisely, firmly, and even temperately, as I believe, so as to cure all the evils of which our fishermen justly complain. All we have to do is to adopt statutory provisions specifically applicable to the several evils which I have endeavored to describe.

President Harrison in his recent message has stated that our fishery business has gone on during the last season with less friction than usual, but with all due respect for the President, and as a friend of his administration, I think he is laboring under a misconception of the real status of the case. President Babson, of the National Fishery Association, in a letter dated December 5, 1889, informs me that the quiet of the present season is simply due to the fact that the fishermen have come to the conclusion that they can get no protection whatever against Canadian wrong and oppression from their own Government, and have therefore quietly submitted to whatever Canada may choose to demand or refuse. That is the real status of the case, and it is one which calls for such specific and certain measures of relief as can at once be set in motion.

CANADIAN DISCRIMINATION IN THE MATTER OF ENTRANCE AND CLEARANCE FEES.

Notwithstanding the fact that, under our existing relations of maritime reciprocity, Canadian vessels, are allowed to enter at ports of the United States upon the same terms as to tonnage, duty, and entrance and clearance fees as are charged American vessels, Canada charges American vessels an entrance fee of 50 cents and a clearance fee of 50 cents, making \$1 for every visit to a Canadian port, whereas no entrance or clearance fee whatever is imposed upon any Canadian vessel entering a Canadian port from the United States. This is comparatively a small matter, but it serves to illustrate the general fact that all along the line, from the banks of Newfoundland to the island of Vancouver, the Canadian Government leaves no chance of encroachment upon American commerce and no loop-hole of advantage for Canadian vessels or Canadian trade which it does not improve by an unfair discrimination of some sort in favor of Canadian interests.

CANADIAN VIOLATION OF THE TERMS OF THE TREATY OF WASHINGTON AND OF THE OBLIGATIONS OF THE "TRANSIT TRADE."

A flagrant and most absurd violation of a treaty stipulation between the United States and Great Britain was brought to the attention of the House of Representatives on the 4th of January, 1888, in the form of a resolution submitted by the Hon. Nelson Dingley, jr., of Maine. During the three preceding years, through the device of an "order in

council," a rebate of 18 cents per ton had been allowed out of the total toll of 20 cents per ton on grain of all sorts passing through the Welland and St. Lawrence Canals, if shipped to Montreal. This constitutes a premium of 18 cents a ton offered by the Canadian Government in favor of the diversion of American commerce from American sea-ports and American transportation lines. An officer of the revenue department of Canada has innocently confessed that "the object of the Dominion Government in promulgating this order was to encourage trade over the St. Lawrence route instead of allowing it to go to American ports."

On the 5th of January, 1888, Mr. Dingley showed that this discrimination was clearly in violation of Article XXVII of the Treaty of Washington. It also constitutes a most flagrant and manifest violation of the reciprocal relations under which the "transit trade" exists. The life of that arrangement subsists in an entire abstinence from any sort of discrimination in favor of the cars, the vessels, or the ports of either country. When the two countries shall attempt to vie with each other by discriminations in favor of their own cars, or vessels, or ports, the whole transit trade, with its manifold conditions of mutual benefit, will be wiped out.

It was hoped that the Dominion Government would have recognized the expediency, if not the justice, of receding from this manifest breach of treaty obligation, but this has not been done. On the 20th of April, 1888, the offensive discriminating order was renewed. The Dominion Government seemed to be alarmed and delayed the order about a month, until the absorbing issues of an approaching Presidential campaign had called the attention of Congress and the country away from Canada. But again, on the 18th of March, 1889, the discriminating order was issued by an order in council for the season of navigation of 1889.

Last year there was no awakened public sentiment to be feared in this country and the order was issued at an unusually early date. This year the Dominion Government grew bolder and issued the offensive order for the season of 1890 on the 26th day of February last. It is observed that this violation of the provisions of the treaty of Washington and of the conditions under which the transit trade exists is not committed through an act of Parliament, but by the sly and facile expedient of an annual "order in council," a method of wrong-doing for which Charles I, King of England, was adjudged a tyrant, and for which he at once lost his crown and head.

In responding to this indefensible discrimination against the American commerce the Government of the United States ought at once to impose a tonnage tax of at least 10 cents per ton on the gross tonnage of all Canadian vessels passing through the canal at Sault Ste. Marie, which connects the navigation of Lake Superior with that of Lake Huron. This canal, with its lock 515 feet long and 80 feet wide, was constructed at a cost of about \$4,000,000, and is now owned and operated by the Government of the United States. Both American and Canadian vessels are allowed to pass through Sault Ste. Marie Canal free of tolls. That the United States has full power to order such discriminating tax upon Canadian vessels will be readily seen by examining Article XXVII of the Treaty of Washington, concluded July 4, 1871. At that time the canal belonged to the State of Michigan, and it was not transferred to the United States until June 5, 1881.

There are also other appropriate and effective means of retaliation upon Canada for this unjust discrimination against American interests, which will readily suggest themselves to the legislative mind.

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THE CANADIAN REFUSAL TO RECIPROCATE IN THE MATTER OF AIDING
VESSELS IN DISTRESS.

On the 4th of February, 1888, the late Hon. Newton W. Nutting, of New York, brought to the attention of the House of Representatives the fact that the Dominion Government refuses to accept the offer made by the United States by act of June 19, 1878, to allow Canadian wrecking vessels and machinery to assist Canadian vessels wrecked in American waters, provided a like privilege is extended to American wrecking vessels and machinery in Canadian waters.

This matter has time and again been brought to the attention of the Dominion Government, and the subject has several times been discussed in Parliament, but the political influence of two or three Canadian wrecking companies has been strong enough to prevent the Dominion Government from accepting the terms of our proffered reciprocity, although such action has already resulted in loss of life. But this refusal to reciprocate in a matter which appeals to the humane impulses of mankind is perfectly in keeping with the refusal of the Canadian Government to allow American fishing vessels the common privilege of seeking refuge in her ports in time of storm, and for replenishment and necessary repairs.

AN ATTEMPTED VIOLATION OF THE RECIPROCAL CHARACTER OF
THE TRANSIT TRADE.

The grasping and unfriendly disposition of the Canadian Government toward the United States was strikingly illustrated by the attempted refusal of the Canadian authorities to allow grain raised in the Province of Manitoba to be shipped "in bond" from one point in Canada to another point in Canada over American railroads. This took place upon the completion of the Canadian Pacific, early in the year 1886.

The movement of several million bushels of grain was thus for a time restrained. This was an open and flagrant violation of the privileges of the "transit trade," under which reciprocal arrangement the railroads of Canada have profited ten times as much as the railroads of the United States. The "transit trade" has also been of enormous advantage to the commercial and industrial interests of Canada. The refusal of the Dominion Government to allow grain to be transported "in bond" over American railroads was not openly announced, but it was attempted surreptitiously.

The Ottawa authorities declared that no instructions have been issued to the officials in Manitoba to prevent the traffic, and the customs officials in Manitoba declared that no instructions had been issued to them whereby they could issue the necessary certificates allowing the movement of grain from one point in Canada to another point in Canada over an American line. The treaty of Washington, concluded May 8, 1871, bore the first marks of this scheme of refusing to be bound by the reciprocal conditions of the transit trade. The words "to other places in the United States," near the end of the second paragraph of Article XXIX, grant to Canadian railroads the right to convey goods from one point in the United States to another point in the United States without payment of duty, whereas there are no corresponding words in the first paragraph of the article referred to which grant a reciprocal privilege to the railroads of this country.

The Canadian Pacific seemed to be trying the experiment of taking advantage of this omission, which was either the result of a blunder

or of a fraud. But the gathering storm of indignation convinced the Canadians that the whole transit trade might be endangered by their refusal to observe the obligations of its reciprocal character and they prudently withdrew their opposition.

This case clearly proves that the Dominion Government carries no friendship into its trade relations with the United States.

CANADIAN REFUSAL TO KEEP FAITH WITH THE UNITED STATES IN THE MATTER OF A PROPOSITION MADE BY THE DOMINION GOVERNMENT.

Mr. Chairman, I shall offer you but one more instance of Canadian encroachment and unfairness toward the United States.

On the 2d of April, 1888, the Hon. Charles S. Baker brought to the attention of the House of Representatives perhaps the most flagrant of all the recent breaches of good faith toward the United States by the Dominion of Canada. The Canadian act of Parliament of May 15, 1879, provided that a large number of specified agricultural and other products might be admitted into Canada from the United States free of duty whenever the United States should admit similar articles from Canada free of duty. This offer was accepted by our act of March 3, 1883, with respect to many of the articles mentioned. But for five years Canada failed to place such articles upon her free list. Complaint having been made through the Hon. Charles S. Baker by parties injuriously affected, Secretary Bayard brought the matter in an unofficial way to the attention of the Canadian Government early in March, but the minister of customs evaded the whole thing by asserting that the Canadian Government was not obliged to observe the reciprocity contracted upon its own motion until every one of the articles enumerated by the Canadian act of 1879 was made free by the United States. But this was manifestly absurd, as the act referred to provides that "*any* and all of the following articles, etc., may be imported into Canada free of duty."

On the 28th of March Sir Peter Mitchell, of New Brunswick, called the prime minister sharply to account on the floor of the House of Commons for his transparent act of bad faith, to which the imperious leader sullenly replied that the act was permissive and not mandatory, its language being "may be imported," and that the Canadian Government was more concerned in protecting the interest of Canada than those of the United States. The shallowness of this defense was readily exposed. But the resolution offered by Mr. Baker in the House of Representatives on the 2d of April brought the Canadian chieftain to terms.

Two days afterwards, viz, on the morning of the 4th of April, Sir Charles Tupper, minister of finance, announced on the floor of the House of Commons that, at the instance of Lord Salisbury, prime minister of Great Britain, the articles made free by the act of Congress of March 3, 1883, had been placed upon the free list, and at the same time Sir Charles read a telegram which he had sent the previous day (April 3) to Sir Lionel West at Washington informing him that on receipt of a copy of his (Sir Lionel's) dispatch to Lord Salisbury the articles had been placed on the free list. There appears to have been some remarkably alert diplomacy between Washington, London, and Ottawa between the introduction of Mr. Baker's resolution in the House of Representatives on the 2d, and Sir Charles Tupper's announcement in the Canadian Parliament on the 4th. But within three weeks Sir Charles Tupper, on behalf of the Canadian Government, submitted to the "Commons" a bill which so construed the words "any or all" in their act of

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1879, that the Canadian Government would in the future be able to select from any additions which may be made to our free list such goods only as it may choose to make free. This clearly indicates the shrewdness with which the Dominion Government manages its commercial intercourse with the United States.

CONCLUDING REMARKS IN REGARD TO FISHERY OUTRAGES, UNJUST DISCRIMINATIONS, AND VIOLATIONS OF TREATY.

I have thus submitted to you a somewhat carefully prepared series of statements in regard to the conduct of Canada toward the United States. The British Government can not and dare not attempt to repress any of these wrongs, and from prudential motives refrains even from condemning them. On the other hand, the United States holds a controlling power over the whole matter of our Canadian relationships adequate to suppress every outrage and to prevent every encroachment upon American interests.

Do not these considerations clearly prove the folly of any further attempt to cure such evils by treaty? Appropriate legislation by Congress, prompted not by any hostile or even vengeful feelings, will, I believe, be found sufficient for the cure of all the evils of which we now justly complain. At the same time such action will relieve the British Government from a vexatious duty over which it has no sort of control, and in regard to which the people of Great Britain have no direct interest whatever.

THE ALASKA SEAL FISHERIES.

I shall not here attempt to discuss the rights of the United States in the Alaska seal fisheries, arising from the question as to whether Behring Sea should or should not be regarded as a "closed sea," but will merely allude to an economic and commercial aspect of the case which to my mind is conclusive of the whole matter. The fur seals which frequent the Pribilof Islands for the purpose of breeding would soon be exterminated if the right to catch them in the waters of the Behring Sea should be admitted. That has been demonstrated by actual experience in other parts of the world.

A continuous supply of seal skins to the markets of the world can only be secured by killing a certain proportion of the males after they have reached the Pribilof Islands, and sparing the females. It is clearly in evidence that the seals shot in the waters of Behring Sea are chiefly females and that "only one in seven on an average is secured." All the rest sink. This is manifestly the extermination of the species.

Now, the very fact that the seal make their habitat on American soil, while it is possible to secure a supply of skins without reducing the size of the herd, seems to impose upon our Government a duty which shall suffer no interference from any other country. We owe it to the whole world to protect this seal-skin industry. To allow foreigners or our own citizens to capture seals in the open sea, would be about as much an offense against mankind generally as to authorize our fishermen on the banks of Newfoundland to use dynamite or some other violent explosive for destroying fish, of which not one in a hundred could be secured.

While the legal maxim *sic utere tuo ut alienum non laedas* may not be applicable as a rule of international law upon this subject, yet it does convey a suggestion which appeals to the public conscience, and the sense of national duty, in the formulation of a rule which shall de-

termine the status of this question for all time. I think that we need have recourse to no other consideration for the justification of the policy which the United States Government has thus far pursued in regard to the Alaska seal fisheries.

COMMERCIAL UNION.

Mr. Chairman, the statements which I have already presented to you have an important bearing upon the question as to the practicability of the scheme of "commercial union" of which we have heard so much during the last two years.

It seems to me to go without saying that those striking diversities of governmental function and incompatibilities of interest hereinbefore described, and the array of encroachments upon the part of the Dominion Government, to which I have alluded, alone repel anything in the nature of a copartnership arrangement touching the joint management of the customs revenues of the two countries. Under existing circumstances, I can imagine no political solecism more striking than would be presented by such an arrangement. Nevertheless a proposition of this sort, denominated "commercial union," has commanded a considerable share of public attention during the last two years, and its assumed merits have brought it to the attention of your committee.

This scheme of "commercial union" implies the abolition of customs duties on goods of all kinds in the conduct of trade between the United States and Canada, and the establishment of a common external tariff on imports from all other countries.

Commercial union has had as its chief advocate a gentleman of conspicuous ability, Mr. Erastus Wiman, a Canadian by birth, and still a Canadian and subject of Great Britain. Although Mr. Wiman has for the last twenty-eight years been actively engaged in commercial pursuits in New York City, he has advocated the cause of commercial union with a degree of force, persistency, and tact, and with a manifestation of eloquence which would be creditable to one who has devoted the greater part of his adult life to the consideration of economic and political problems and to the active experiences of political endeavor. I have no reason to doubt that Mr. Wiman has engaged in this work in all sincerity and with perfect candor, and yet I differ from him radically as to the practicability of the objects which he seeks to accomplish. In his efforts to propagate the cause of commercial union Mr. Wiman has ignored four most important considerations, each one of which is, I think, vital to the question as to the practicability of his scheme. These are:

First. The character of the Dominion Government as an owner, manager, and promoter of transportation lines for political and commercial objects;

Second. The manifestations of unfriendliness toward the United States by the present administration of the Dominion Government and of a disposition to violate treaty stipulations and to encroach upon American rights and interests;

Third. The difficulties of a fiscal nature involved in the question; and

Fourth. The difficulties of an administrative character which would attend the practical conduct of such a scheme.

All this Mr. Wiman has carefully avoided. He has, however, been adroit in his methods. At the very beginning he adopted the Ciceronian policy of first placing himself on good terms with his auditors in

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Canada, and the steps which he took in this direction serve to throw light upon the real merits of his scheme. He has seen fit to proclaim his devotion to monarchical institutions as exemplified in the Government of Canada, and his firm allegiance to British connection, and he noted this up with the declaration that "commercial union" does not in the remotest degree squint at annexation to the United States. Both he and Sir Richard Cartwright deprecate any such movement. I will present two or three of Mr. Wiman's expressions upon these points, as they serve also to indicate the tone of public sentiment of Canada in regard to matters of importance bearing upon our Canadian relationships. Said he:

Those who are acquainted, however, with the public sentiment in Canada know that loyalty to British institutions permeates the whole country and that with mother's milk has been drunk in the love for the mother land; love for the good Queen who has ruled them so wisely for half a century, and pride in all the glory of British connection; belief in British prowess, and faith in the British Empire.

In referring to the subject of annexation, Mr. Wiman declared that a candidate for Parliament who should to-day offer himself for election on the annexation platform "would be accused of the rankest treason."

In various parts of his somewhat voluminous speeches and writings Mr. Wiman expressed his greater admiration for the governmental institutions of Canada than for those of the United States. In view of the incontrovertible fact that the Dominion Government is a mere confederacy, the acts of which have time and again been nullified by the provinces, and that it may be broken up by lawful secession, and that the executive power of the Dominion dominates the legislative, Mr. Wiman's remarks as to the superiority of the Canadian Government to that of the United States may well be regarded on this side of the national boundary line, as merely rhetorical expressions.

Mr. Wiman declared his "conviction that nothing will contribute in a greater degree to a perpetuation of British connection than a close commercial alliance by Canada with the United States." This he explains by stating that the average duty on imports into the United States is about 10 per cent. higher than that on imports into Canada, and that if the United States should lower her rate 5 per cent. and Canada correspondingly raise her rate, the result to Great Britain would be a positive advantage, for the reason that the lowering of the duties in the United States would cause a largely increased importation of British goods into this country, and that such increase would very much exceed the falling off in the imports of British goods into Canada in consequence of the abolition of all duties by Canada on merehandise from the United States. Thus, England would be led to smile upon "commercial union." The correctness of this particular view of the case is, perhaps, beyond question, but I would remark that it involves considerations which imports very much more to the people of the United States than their entire trade with Canada.

Mr. Wiman also maintained that a failure to adopt "commercial union" would naturally tend to drive the people of Canada toward annexation to the United States. From all I can gather it appears to me that he is correct upon this point.

In the effort to commend his scheme to the favor of his fellow countrymen, Mr. Wiman employed language which seemed to arouse the suspicion that from his personal experiences he has ascertained the location of the Blarney Stone. Said he:

Lower Canada is the natural seat of the manhood of America. Quebec to-day should be sitting at the seat of the custom of the world. * * * One staggers at the thought of the enormous area controlled by Quebec and Montreal.

The assumption that commercial union might turn the great east and west current of the commerce of the United States to the St. Lawrence River route does not, of course, commend the scheme to the favor of the cities of New York and Boston. But no danger of that sort is imminent, for the reason that under the privileges of the transit trade the importation and exportation of merchandise through Montreal and Quebec is to-day as free to the people of the United States as it is through Boston and New York. Commercial union could add nothing to that. The foreign commerce of Montreal and Quebec and of New York and Boston during the year 1888 was as follows:

Ports.	Imports.	Exports.	Ports.	Imports.	Exports.
New York.....	\$170,426,774	\$301,486,784	Montreal.....	\$42,245,469	\$27,362,174
Boston.....	63,897,778	55,482,664	Quebec.....	4,944,933	3,397,427

There are certain general facts which properly accompany this table, viz, first, the fact that the foreign commerce of Montreal and Quebec is chiefly Canadian trade; second, the fact that the transportation lines via New York and Boston are in all respects more desirable for almost all parts of the United States than are those via Montreal and Quebec; third, the fact that the St. Lawrence River is closed by ice and fogs for about six months of the year; and, fourth, the fact which I have already noticed, that the foreign commerce of the United States under the operations of the "transit trade" is now absolutely free. In the light of these facts there does not appear to be anything in the commercial possibilities of Montreal and Quebec which under any circumstances need alarm Boston or New York, or which might stagger any mind, not dazed by the chimera of "commercial union."

Mr. Chairman, although it appears to me that the scheme of "commercial union" has not enough in it to-day to entitle it to be ranked as a living political issue, still as the subject has been presented to your committee by its chief advocate, Mr. Wiman, for whom, personally, I entertain great respect, I will invite your attention to two objections to the proposition which to my mind are conclusive of the whole matter:

First. The fiscal conditions of the Dominion Government and of the Government of the United States present an insuperable barrier to commercial union or free trade between the two countries. The national debt of the United States fell from \$2,673,000,000 in 1867 to \$1,619,062,932 in 1889, the debt per capita falling from \$69.26 in 1867 to \$15.12 in 1889, whereas the debt of the Dominion of Canada rose from \$75,728,641 in 1867 to \$237,530,041 in 1889, the debt per capita increasing from \$21.63 per capita in 1867 to \$46.79 in 1889. Be it remembered also that the present enormous debt of Canada was incurred mainly in converting its Government into a political transportation enterprise operated for the promotion of ends inimical to the political interests of this country, and for the promotion of commercial objects detrimental to the interests of American shipping, American commerce, and American transportation lines. The success of the present Canadian policy of encroachment upon American interests involves increased expenditures in the nature of subsidies which are freely granted by the people of Canada, while the people of the United States cherish a prejudice (not entirely reasonable) against subsidies; a prejudice, which within proper limitations we may be forced to overcome in order to provide fitting and adequate protection to American shipping and commercial interests.

The idea of assimilating the customs tariffs of two countries so differently situated in regard to their present and probable future needs seems sufficient to condemn the whole scheme of commercial union as an absurdity.

But in the second place the scheme involves a structural difficulty which would defeat the very object to be accomplished. It proposes to except from the provisions of "commercial union" or "free-trade" between the two countries all articles subject to duties of excise or of internal revenue. At the present time 80 per cent. of the revenues of Canada from taxation are derived from customs, and about 50 per cent. of her customs revenue is derived from duties on imports from the United States. It is, therefore, perfectly apparent that the sudden abandonment by Canada of so large a part of her customs revenues would at once involve a very large increase of her excise duties, to be protected by corresponding customs duties on articles imported from the United States. But even this does not cover the difficulty. The abandonment of the duties on manufactured goods imported from the United States would greatly decrease the importation of such goods into Canada from other countries, and correspondingly reduce her revenue from customs. This also would have to be made up by additional internal taxation, to be again protected by additional customs duty on American goods. Where, then, would "commercial union" be? I answer, snowed under by Canadian customs duties, adopted in order to offset Canadian excise duties. We also would be obliged to do something of the same sort on this side of the international boundary line so long as we lay an internal revenue tax on spirits and tobacco. So I fear, Mr. Chairman, that in the end, we should find the tail of "commercial union" to be bigger than its body.

That the "commercial union" scheme does involve this insuperable difficulty is clearly apparent from the resolution upon the subject introduced in the Dominion Parliament by Sir Richard Cartwright, Mr. Winan's friend and coadjutor in this business. Here is the extract from the official debate of March 14, 1888:

Sir Richard Cartwright moved: That it is highly desirable that the largest possible freedom of commercial intercourse should obtain between the Dominion of Canada and the United States, and that it is expedient that all articles manufactured in, or the natural products of either of the said countries should be admitted free of duty into the ports of the other (articles subject to duties of excise or of internal revenue alone excepted).

Mr. Chairman, I presume that the exception to the commercial union scheme is put in parenthesis, for the same reason that eggs are put into omelettes on shipboard—to hide their horrid imperfections.

But, Mr. Chairman, I see in this scheme an open door to far greater Canadian encroachment upon American interests than we have suffered during the last fifty years. Besides, I believe "commercial union" would prove to be merely a blind ditch through which the current of advantage would run northwardly, with laterals leading into certain mines now owned and operated by American citizens in Canada.

But aside from all objections to "commercial union" of a commercial, economic, and political character, and assuming that it is practicable for this great nation of sixty-five millions, whose National Government is ingenuously political, to enter into a fiscal partnership with another country of only about five millions, in all its governmental processes shrewdly commercial, there are difficulties in the way of the practical administration of such a scheme which seem insuperable. It is absolutely certain that the United States Government would never allow

such an institution as the present Dominion Government to have any participation in the collection of our customs revenues. We are too well acquainted with Canada and her methods for that. We should demand absolute control of the external customs service of the two countries. But that, as Sir John A. Macdonald has very properly remarked, the Canadians would never submit to, and for valid reasons, affecting the honor of their country. It is also clearly apparent that any joint partnership administration of the customs service of the two countries would not only be in the nature of an "entangling alliance," but that it would lead to inextricable confusion.

Viewed from the stand-point of Canadian politics, the scheme of commercial union is to-day absolutely chimerical. Sir John A. Macdonald and the great political party of which he is the leader, are bitterly opposed to the scheme, for it goes in the face of the fiscal, political, and commercial features of the policy upon which that party has so long held political ascendancy and is still firmly entrenched in power. As a practical issue in Canadian politics, Sir John crushed "commercial union" with an epigram. Said he:

England will have nothing to do with it, the United States will have nothing to do with it, and Canada will have nothing to do with it.

And Sir Charles Tupper appears to have laid the still-born infant upon the shelf, when he declared, about a year ago in the Dominion Parliament that it had gained no foothold in Canadian politics.

From all that has been said in advocacy of "commercial union" it appears as though Mr. Wiman and his coadjutors in the United States and in Canada have viewed the subjects from a rather narrow stand-point of trade interests, and that they have erred in ignoring the fact that governments and political institutions and international rivalries constitute factors in international relationships.

Mr. Chairman, in the whole range of our foreign relationships, I can conceive of no scheme which, under existing circumstances, would be so glaringly in contravention of the injunction of George Washington against "entangling alliances" as would be an agreement in the nature of commercial union with Canada, upon the lines projected by Mr. Erastus Wiman and Sir Richard Cartwright, and their few coadjutors in this country.

ANNEXATION.

Mr. Chairman, an attempt to review the important questions affecting the relations existing between the United States and Canada would be incomplete without some reference to the subject of annexation. It is a subject which heretofore I have ignored, and yet it might seem to indicate some lack of frankness if I were to disregard it in this connection.

I think I make no mistake in saying that since the thought of separation from England was first entertained by the people of the thirteen original States of the American Union, there has been a pretty general desire in this country that the British North American Provinces shall become a part of the American Union. This desire, however, has always been and to-day is completely controlled by the inflexible purpose of refraining from any act of injustice or of encroachment upon those provinces, and from any act or line of policy which might in any way interfere with the freedom of the people of Canada to shape the course of their own political affairs.

But since the first ramblings of our revolutionary struggle all the overtures in favor of annexation which have been made by judicious

and by injudicious people on this side of the boundary-line have been repelled by our northern neighbors. The case all along seems to have been one of unrequited affection. Nevertheless the attempt to woo Canada to annexation has gone on, and it has become with some an unreasoning infatuation, with apparently the natural result of inciting the Canadians to a renunciation of obligations and even of courtesies and humanities which at this day characterize the international intercourse of civilized countries.

Whenever any question involving the rights and interests of the people of this country has arisen in the course of our commercial intercourse with Canada, or any measure of public policy touching our Canadian relationship has come up for a fair and reasonable consideration, the cry has been raised in this country by annexationists that we must be careful not to crush the budding sentiment in favor of annexation on the northern side of the international boundary-line, and thus, time and again sensible and just conclusions have been prevented.

Mr. Chairman, I think this sort of nonsense has gone on about long enough. It has compromised the dignity of this great nation and even now it is being employed to screen from the eyes of the American people indignities which should be repelled, wrongs which demand redress, and encroachments upon our interests which cry aloud for just retaliation. We have suffered the Canadians to toy with the interest, the honor, and the dignity of this country long enough. It is high time for us, in an upright and proper manner, to assert the rightful power and influence of the United States on this continent.

It is always unwise for the people of one country to attempt to trace the current of political events in another. The only safe mode of judging of the disposition toward us of any other country is by inferences drawn from diversities of social and political institutions and from acts indicative of such disposition. We shall surely fall into error if we attempt to set any other rule for our judgment as to the attitude of the Canadian mind toward the United States at the present time.

The chief, and almost the only persistent obstacle to annexation is on the other side of the line, and it is of a political nature. As before stated, the Dominion Government is a somewhat loose-jointed confederacy with certain monarchical tendencies. From this confederacy any one of the constituent members can, at any time, secede. The right of secession from the Dominion Government is one which is cherished by the people of the several provinces, and it is a sentiment which, perhaps, constitutes the most formidable barrier to their annexation to our indissoluble Union.

This Canadian sentiment has been the outgrowth of the experiences of one hundred and fifty years of separate provincial existence and of development under diverse conditions of trade and industry. Just such experiences well-nigh drove our forefathers to disunion, even after the Revolutionary war. Yes, sir, let us confess it to ourselves, even after our Federal Constitution was adopted it took a common interest in an imperial domain and the experiences of seventy-five years of national life and a great civil war to consummate our American Union. On the other hand, the whole force of political circumstance has tended for more than a hundred years to drive the Canadians in the opposite direction. I say this not to their disparagement, but as a philosophic fact of history.

In the light of our own experiences let us not wonder that the British Provinces of North America cling to their independent political existence under a mere nominal connection to Great Britain, which is strong because it sets so lightly upon them. Religion in politics

and race prejudices also distract Canada and repel annexation. One hundred and thirty years ago the British flag supplanted the tri-color of France on the plains of Abraham, but to-day the proceedings of the Canadian Parliament are printed both in the English and French languages, and the French element asserts its existence as an integral force in Canadian politics.

Canada has her political cranks and theorists and political adventurers who prate about annexation to the United States; but the sentiment in favor of annexation has never been openly proclaimed by any political party, or even by any forceful political faction. The very fact that the Canadian people have made as great a sacrifice of treasure in the construction of their present system of transportation which at once subverts the purpose of binding them together politically by the ties of commerce and of grasping a part of the internal and foreign commerce of the United States, has, I am led to believe, had the effect of weakening the sentiment which has always floated in the minds of some Canadians in favor of annexation to the United States.

CONCLUSION.

It does not appear proper that I should make more specific recommendations for the cure of the evils affecting our Canadian relationships than have been incidentally mentioned in considering the facts which define and describe those evils. It seems proper, however, that I should enumerate the general conclusions which I have reached from a somewhat careful reflection upon the facts hereinbefore presented. Those conclusions are as follows:

First. There are certain incompatibilities existing between the organic features and the interests, aims, and methods of the Governments of the Dominion of Canada and of the United States which render it impracticable to prevent Canadian encroachment upon American interests by treaty. The first of these incompatibilities arises from the fact that the Dominion Government has a very large financial interest in railroads and canals, which interest is so closely related to cherished political objects that that Government is forced to pursue a line of policy aggressive toward the commercial and transportation interests of the United States. Our National Government is not so constrained by participation in the commercial and transportation interests of this country.

The second of the incompatibilities here referred to arises from the fact that the Government of Canada is essentially an autocracy of political boss rule. The Canadian "premier" or chief of the political party in power at once dominates the administrative, the legislative branch of the government, and the putative ruler of the country, styled Governor-General. Besides, the so-called constitution and the laws of the Dominion of Canada admit of the exercise of almost any expedient necessary in order to carry into effect the extraordinary functions of the Government and the will of its "premier."

It is of course clearly apparent to this committee that a Government so endowed must be able in the exercise of tact and commercial adroitness to gain important advantages over our Government of co-ordinate and virtually independent departments.

Second. The particular danger to which American commercial interests are exposed on the land and on the sea arises solely from the fact that the Dominion Government has thrown the full force of its financial

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and political power in favor of the Canadian Pacific Railway and its connecting steamer lines on the Atlantic and Pacific Oceans; that the British Government is extending its aid to such steamer lines, and that the full power of this combination is brought to bear against American railroads which from the force of circumstances compete actively with each other, and at the same time are greatly restrained by the laws of the United States for the regulation of commerce.

American steamer lines on the Pacific Ocean also are so neglected by their own Government that the subsidized lines of Canada and Great Britain will be able to drive them from the seas. The question which confronts the people of the United States, therefore, is not as to whether American railroads are able to cope with a Canadian railroad in a free competitive struggle, nor as to the relative power of the United States Government and of the Dominion Government, but it is simply a question as to whether the Government of the United States will so exercise its powers as to prevent a foreign railroad with its steamer line connections, backed up by foreign Governments, from riding rough-shod over American internal and foreign commerce, and over American steamer lines, American sea-ports, and American railroads.

What we need is a line of policy adapted to the particular exigencies of the case. If we should hitch the political and financial power of this country to its commercial interests, as the Canadian and British Governments have done, the United States would shortly become the commercial monarch of the globe.

Third. The Government of Great Britain is powerless to influence or coerce the Dominion Government into the suspension of its aggressive policy toward the United States, or even to lead that Government to observe its treaty obligations to the United States.

Fourth. The United States, by virtue of its enormously greater population and wealth, and consequently the immensely greater value of its markets, and by virtue also of its vastly superior geographical situation, its more genial climate, and more fruitful soil, and its superiority to Canada in almost every aspect of natural resources, is able by legislative action to dictate such terms to the Dominion Government and the government of Newfoundland as will secure the United States not only against every act of aggression and every violation of the rights of American citizens, but which will also prevent every attempt by the Dominion Government to interfere with the natural course of our national development, involving the commercial supremacy of the United States on this continent.

Fifth. Our national character, sense of justice, and the friendly disposition of the people of the United States towards the people of Canada forbid that the United States shall ever encroach upon the rights of the Dominion of Canada, or that it shall take any steps in the direction of coercing Canada to annexation to the United States.

Sixth. The incompatibilities of organic characteristics, and of interest aims, and methods which exist between Canada and the United States render the scheme of "commercial union" absolutely impracticable.

Seventh: The adjustment of all the causes of complaint which now affect our Canadian relationships can be effected on the best and most enduring foundations, not by treaty, but by means of reciprocal legislation, in which the United States shall take the initiative. Experience has clearly proved the folly of attempting to bargain for exemption against Canadian encroachment.

Eighth: The settlement of the differences which now exist between

the United States and Canada involves no issue upon which the two great political parties of the country are now divided.

In his second annual message, submitted to Congress December 7, 1830, President Jackson referred to the protection of American interests against foreign industrial competition, and also to the protection of American interests against "the most selfish and destructive policy which might be adopted by foreign nations." The public services of that great military and political leader had been directed especially against foreign policies, aggressive toward American interests. In meeting such aggression the patriotism of the whole country has at all times presented an unbroken front, and there appears to be no reason why men of every political persuasion can not now unite upon such measures as shall fully vindicate the interest, the honor, and dignity of this great country in its relations with Canada. X

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